

2026-27 Annual Pricing Proposal Overview

31 March 2026



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Introduction

This document is part of Essential Energy's 2026-27 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 2026.

The proposal aligns with our AER-approved 2024-29 Tariff Structure Statement (TSS).

This document should be read in conjunction with the following published documents for Essential Energy:

- 2026-27 Network Price List
- 2024-29 Network Tariff Explanatory Document
- 2024-29 Tariff Structure Statement
- 2024-29 Tariff Structure Explanatory Statement
- Reassignment Policy
- Retailer & Market Participant Handbook

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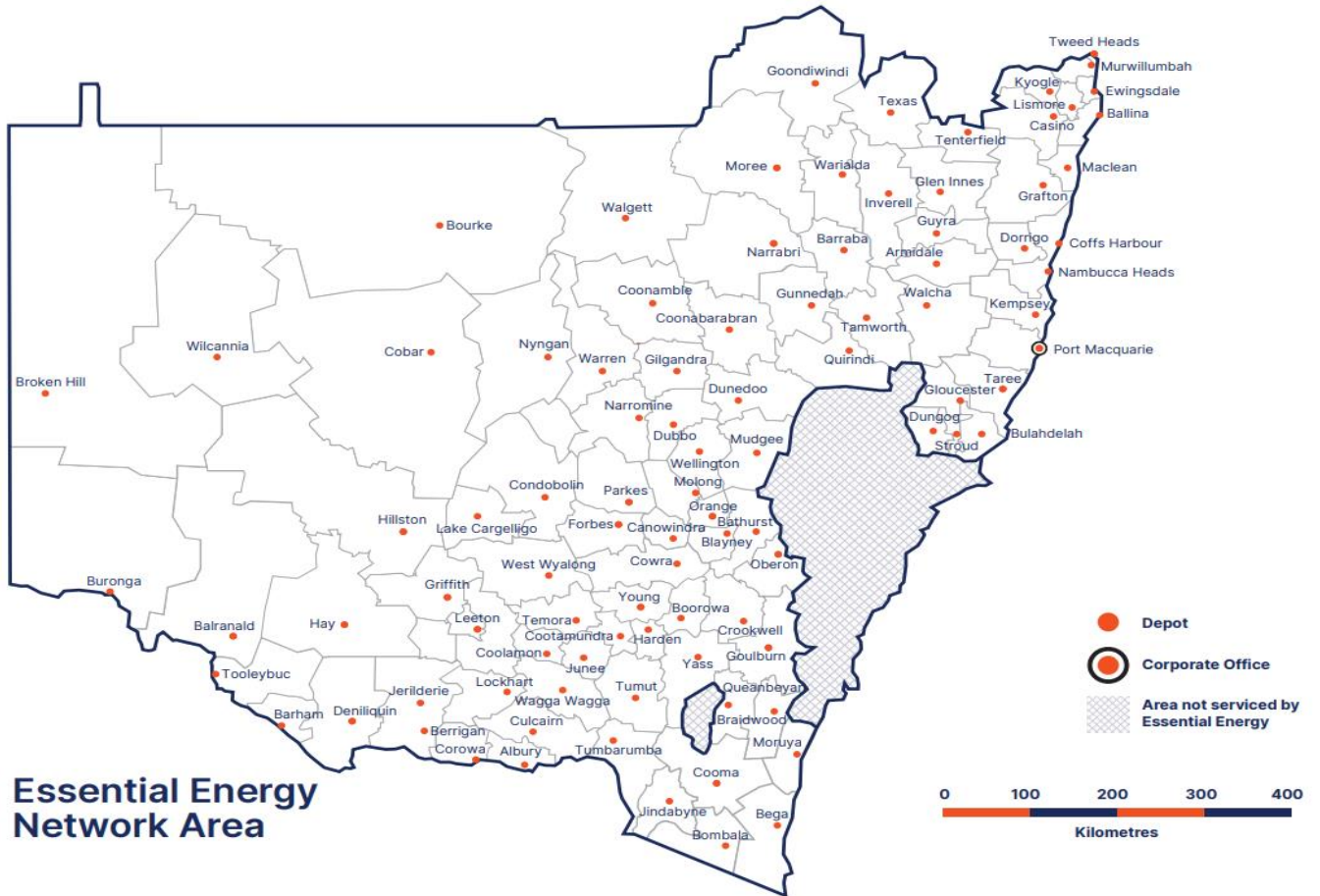
Background

Essential Energy operates one of Australia’s largest electricity distribution networks, covering 95% of NSW and parts of southern QLD.

Our network covers diverse environments, ranging from subtropical conditions in northern NSW to the alpine environment in the Snowy Mountains and arid climates of western NSW.

Essential Energy is 100 per cent owned by the NSW Government and has an independent board and management team.

Figure 1: Essential Energy’s Network Area



Network Charges

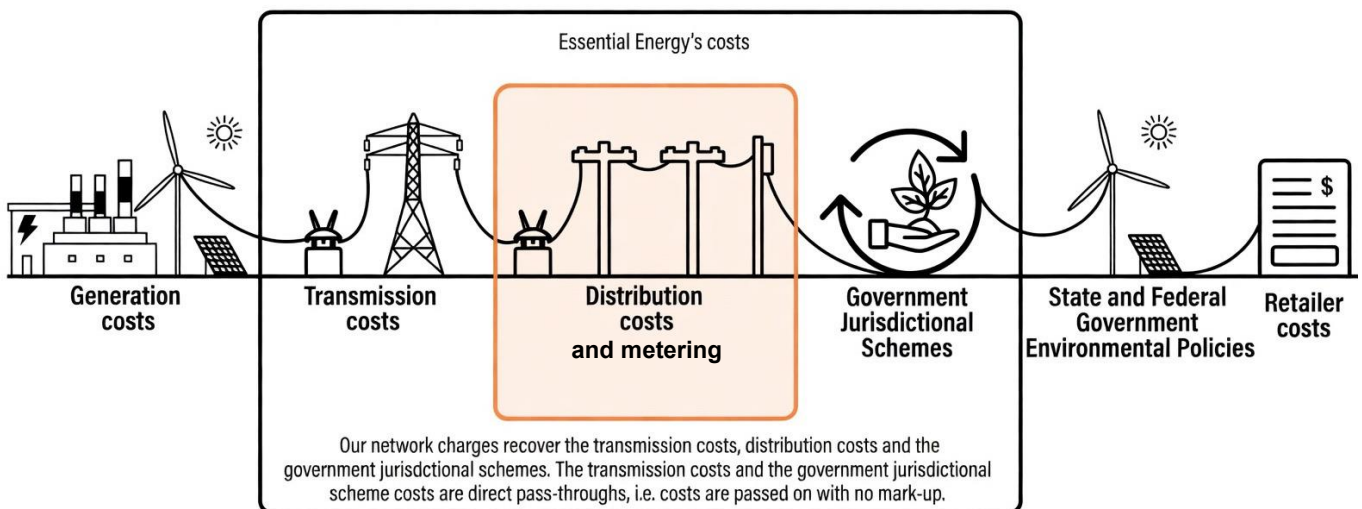
As an electricity distributor, the costs of operating and maintaining our distribution network are known as Distribution Use of System (DUoS) charges.

On a customer's bill, our DUoS charges form part of the Network Use of System (NUoS) charges, which are made up of four parts. Some of the charges are known as 'Pass-through' charges, which are costs we are required to pay through regulatory or market charges that we don't control. We simply pass it through to customers.

Essential Energy's 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 (NSW Roadmap)

Figure 2: The costs we recover through our network charges



Of these four components, two are pass through charges – Transmission Use of System charges and Jurisdictional Scheme amounts. Pass through charges means it is revenue that Essential Energy collects on behalf of others. We do not include a mark up on these components.

Once these charges are set, we pass network charges on to electricity retailers who incorporate them into customer bills. Retailers decide how to package these costs, so what a customer sees on their bill may look different from the network tariff.

Why are network charges increasing?

The make up of our network charges is changing over time, driven by increases in pass-through costs which Essential Energy is required to recover. The graphs below show how our revenue mix has changed over the past five years. While total network revenue has grown, Essential Energy’s share has increased more slowly than other parts, meaning a smaller portion now comes from distribution charges.

Figure 3: Essential Energy Network Revenue Components

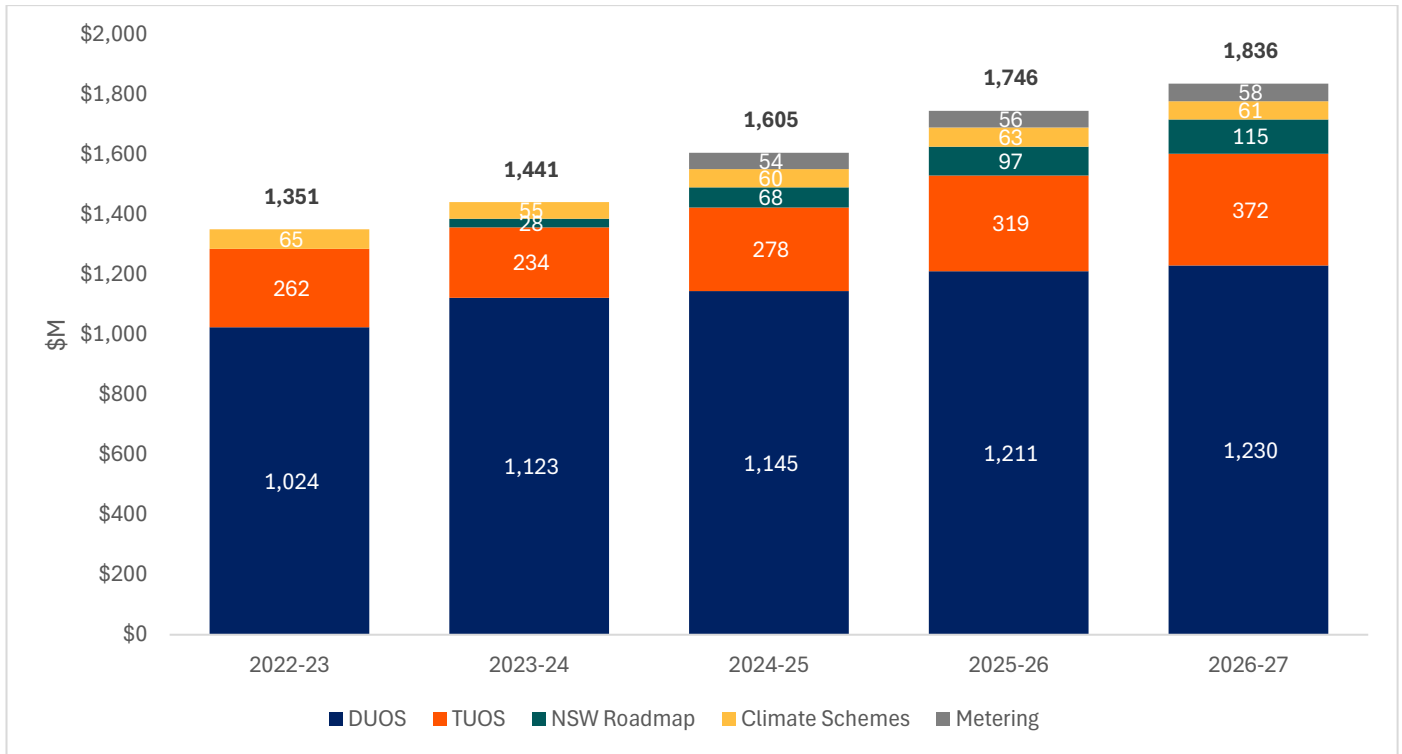
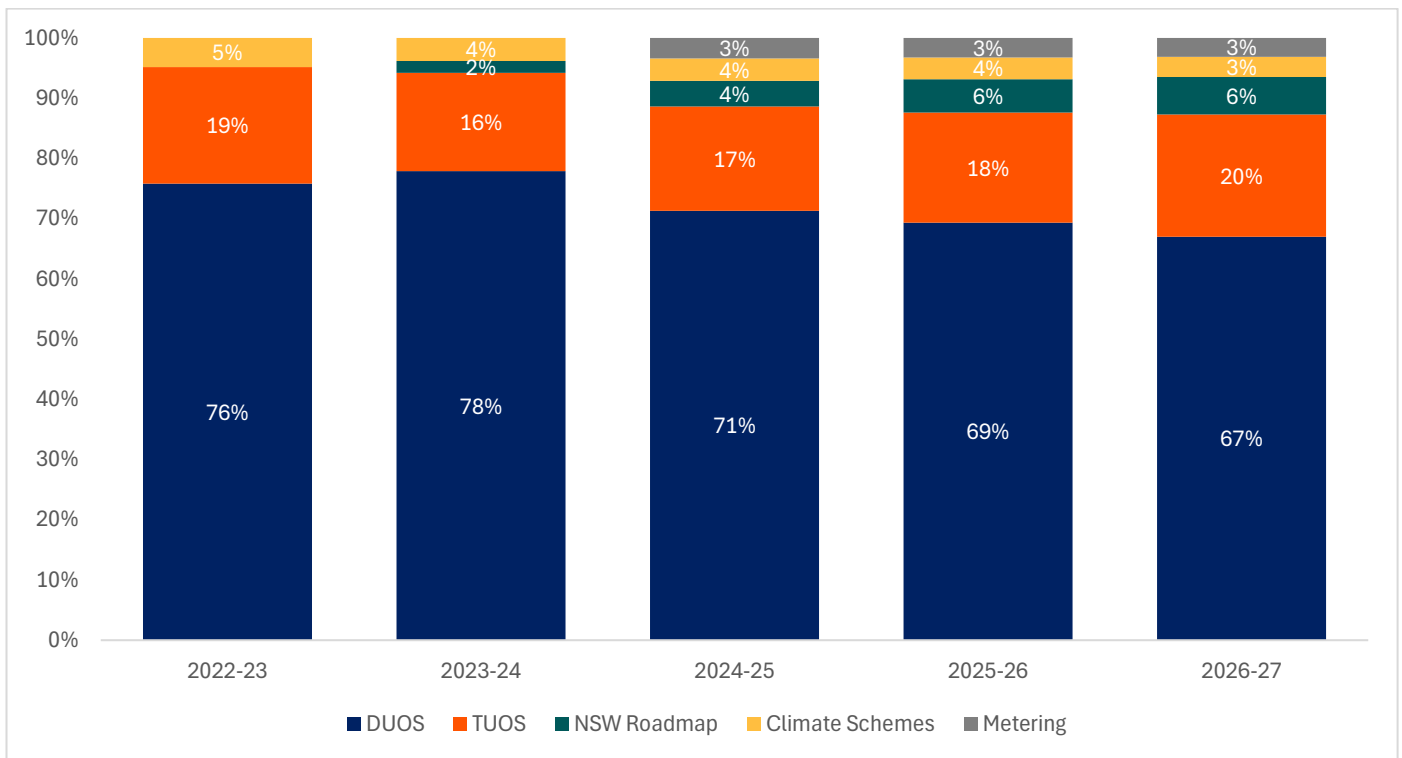


Figure 4: Essential Energy Network Revenue Components as a percentage



2026-27 Network Tariff Classes

Essential Energy assigns customers to network tariff classes based on their service type. These remain unchanged for 2026-27.

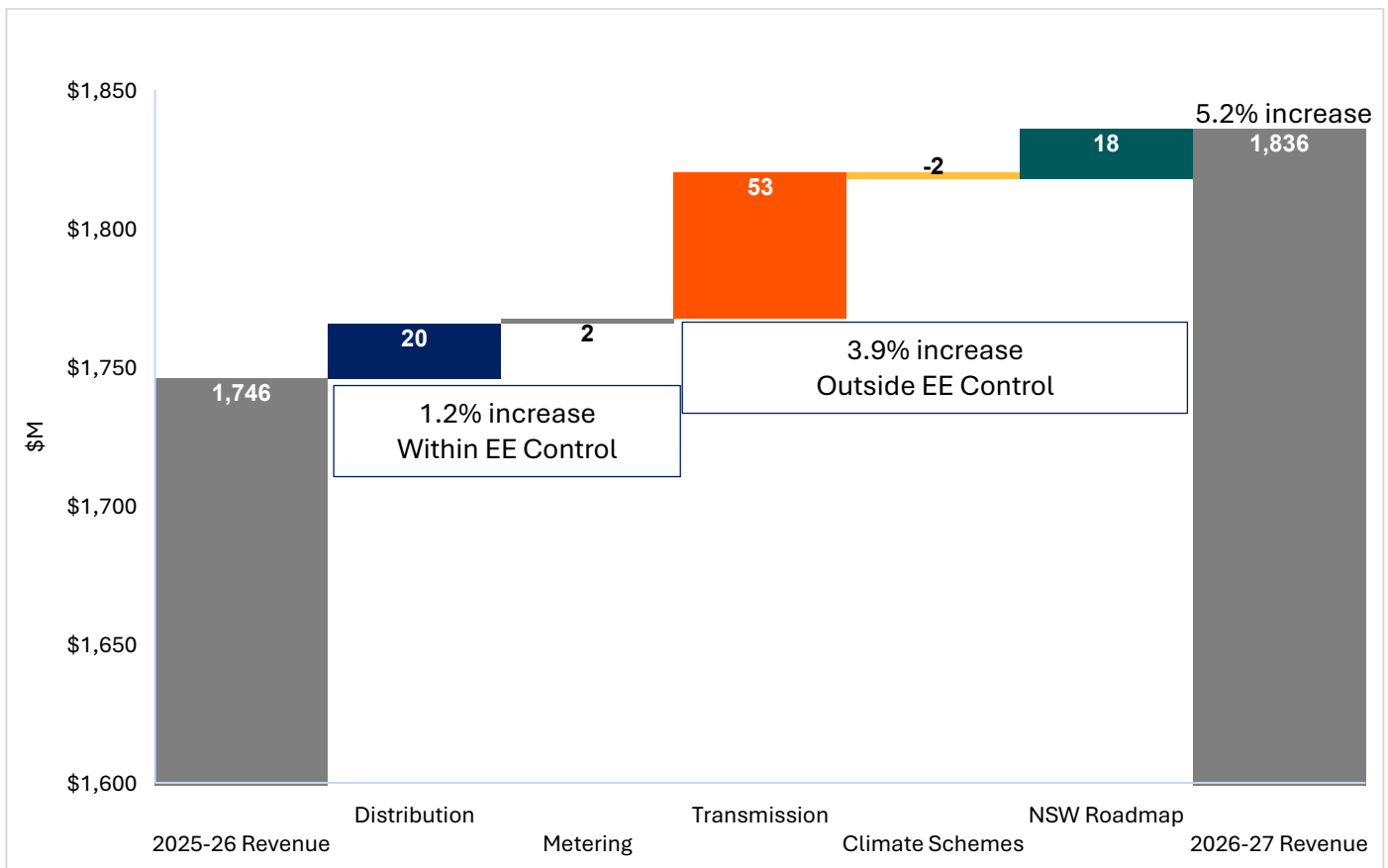
For more information on network tariff classes please refer to our 2024-29 Tariff Structure Explanatory Statement (TSES) available [here](#).

2026-27 Network Charges

Essential Energy is proposing an increase in network charges for 2026-27 compared to 2025-26 network charges.

Network revenue is forecast to increase by \$90M from \$1,746M in 2025-26 to \$1,836M in 2026-27. The majority of this increase (76%) comes from increases in pass through costs which Essential Energy is required to recover on behalf of others.

Figure 5: Change in Essential Energy’s Network Revenue



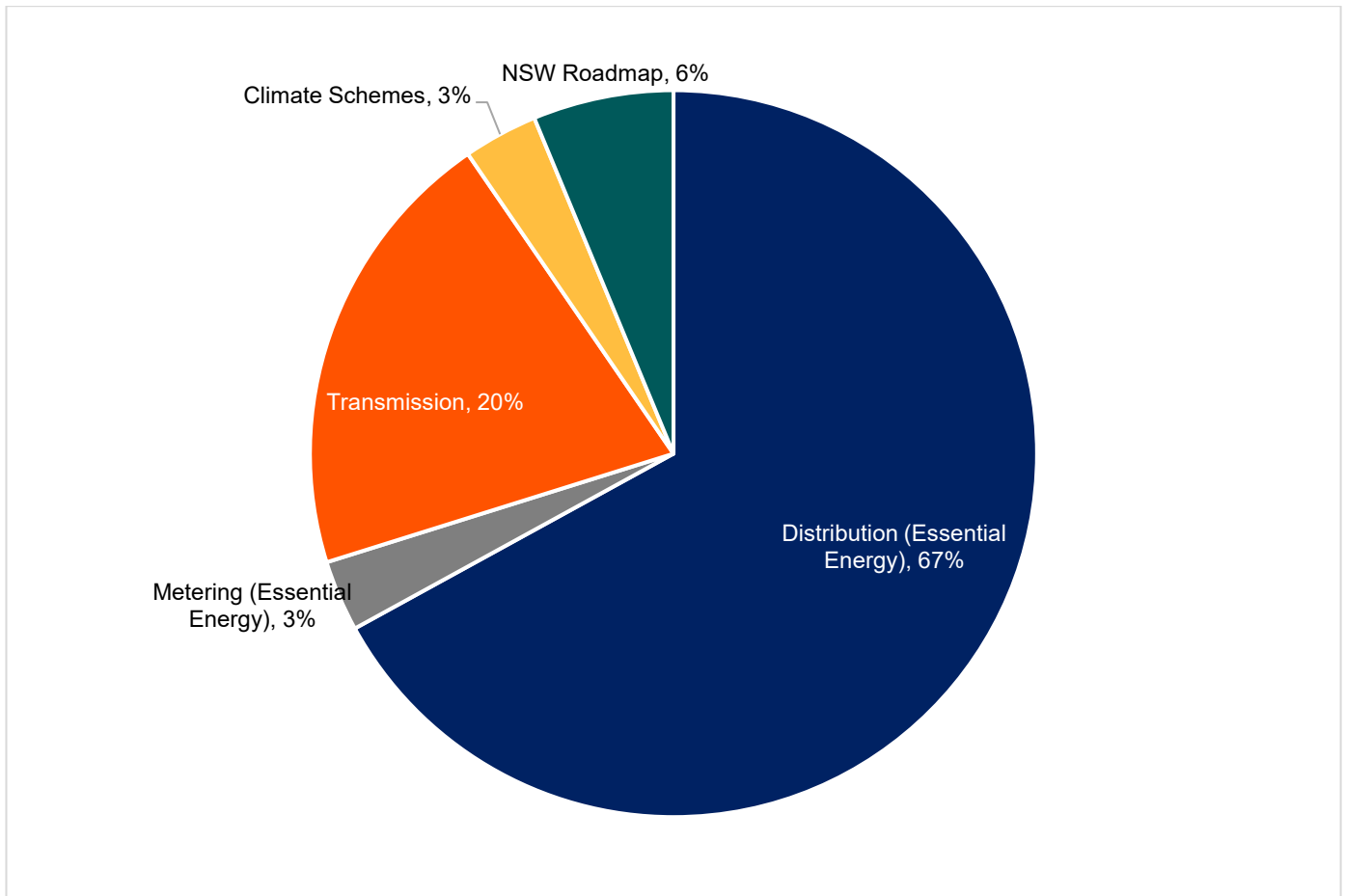
Network revenue has changed mainly due to:

- An increase of \$53M (or 17%) in transmission pass through charges;
- An increase of \$18M (or 19%) in NSW Electricity Infrastructure Roadmap costs; and
- An increase of \$20M (or 2%) in Essential Energy’s distribution charges.



The components that make up 2026-27 network revenue are shown in **Figure 6**.

Figure 6: 2026-27 Network Revenue Components



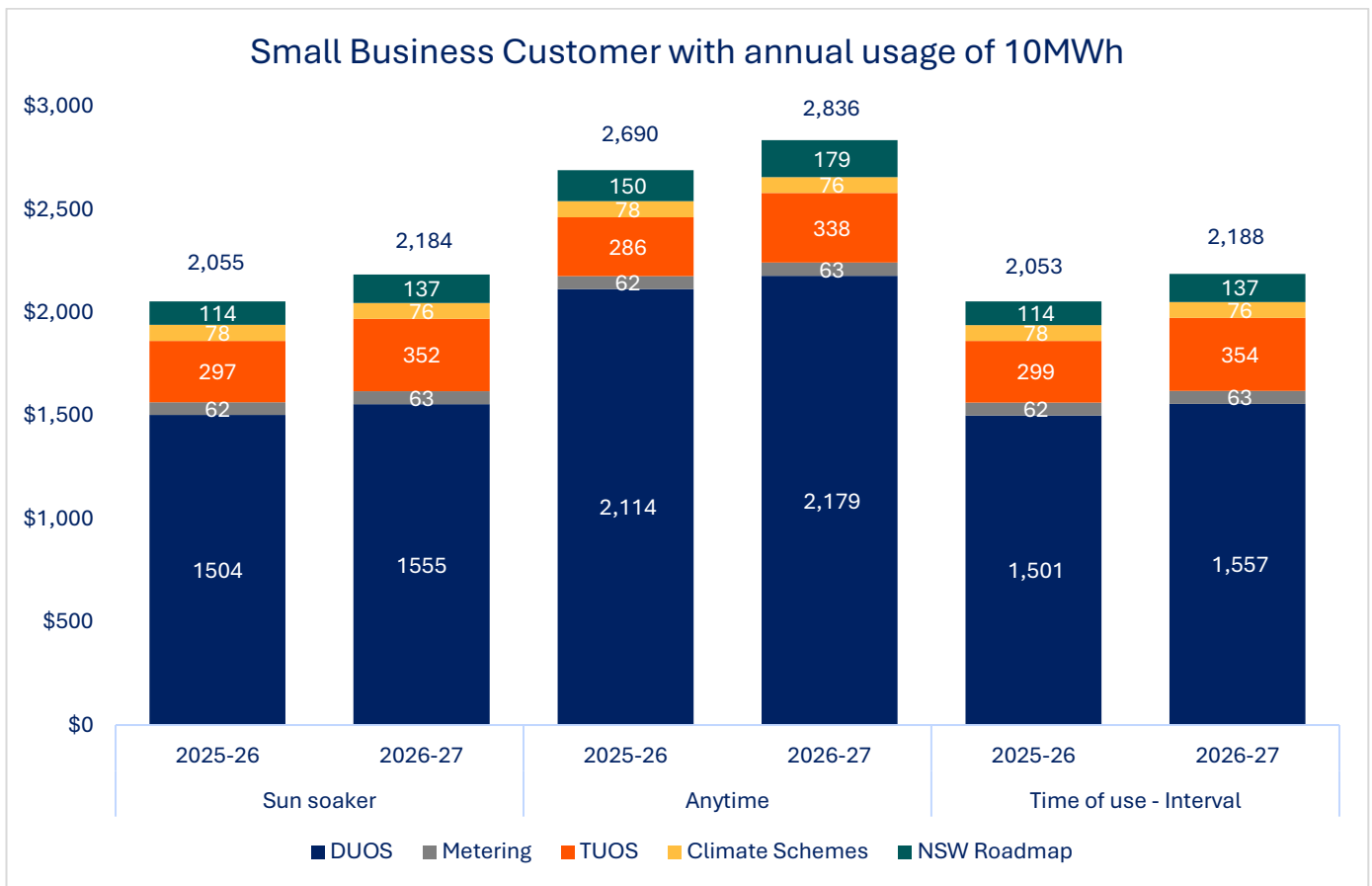
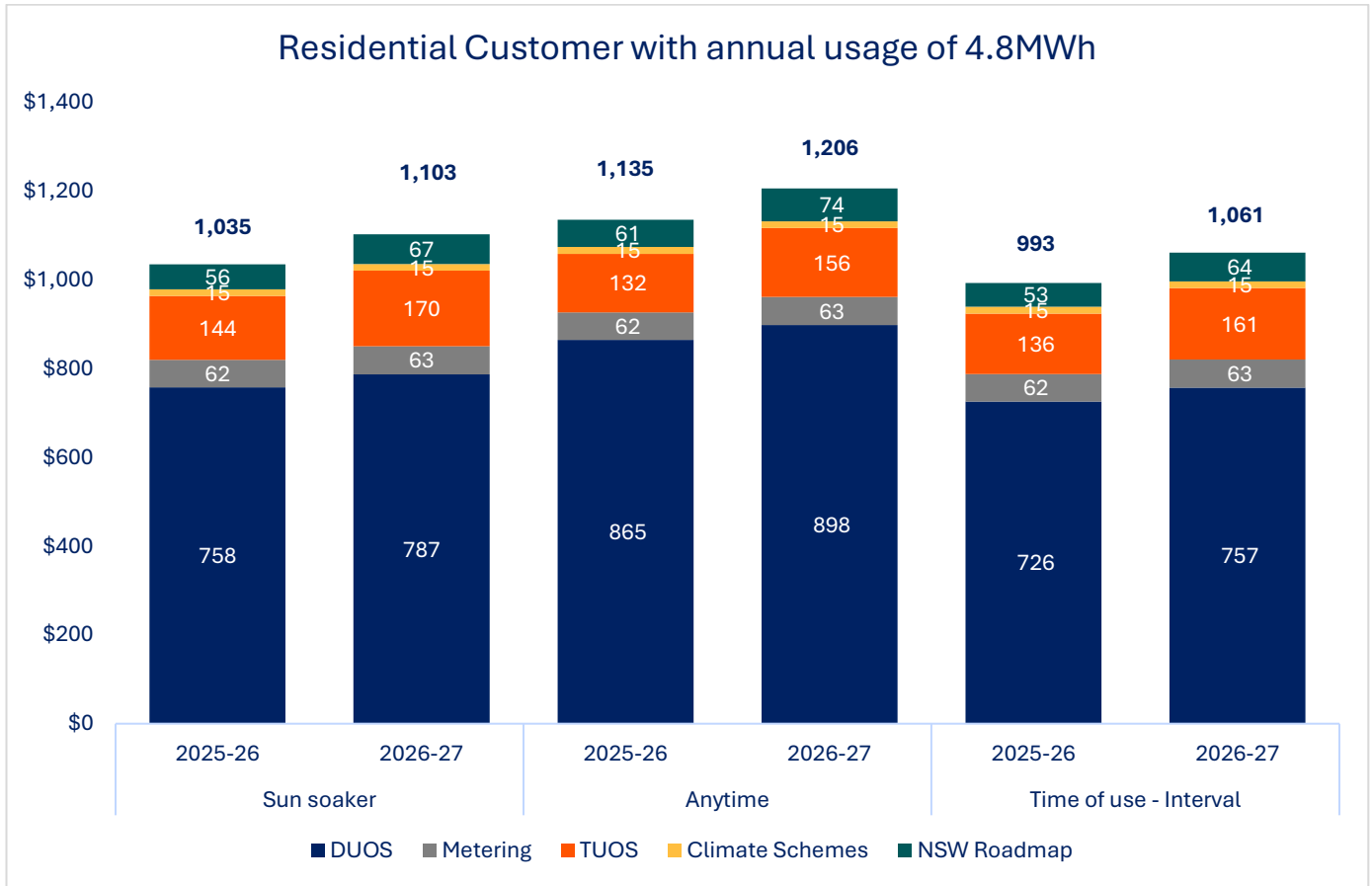
2026-27 Network Bill Impacts

The resulting average increases for our main customer types are:

- **Residential customers:** \$70 or 6.6%
- **Small business customers:** \$190 or 6.0%
- **Large business customers (low voltage network):** \$4,359 or 6.3%

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

Figure 7: Typical Annual Customer Bills (\$nominal per annum)



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

Table 1: Annual Network Bill Impacts for Low Voltage Customers

Tariff	Tariff Code	Average Annual MWh	Average Annual Charges	Average Annual Charges	Average Change per Customer	Average Movement (%)	
			2025-26	2026-27			
Residential	Sun Soaker	BLNRSS2	4.58	\$1,032	\$1,100	\$68	6.6%
	Anytime	BLNN2AU	4.58	\$1,133	\$1,203	\$70	6.2%
	Time of Use - Basic	BLNT3AU	7.38	\$1,315	\$1,405	\$90	6.9%
	Time of Use - Interval	BLNT3AL	4.87	\$1,022	\$1,092	\$70	6.9%
	Controlled Load 1	BLNC1AU	1.88	\$103	\$115	\$12	11.2%
	Optional Demand	BLND1AR	7.42	\$1,174	\$1,261	\$87	7.4%
Small Business	Sun Soaker	BLNBSS1	19.50	\$3,261	\$3,459	\$199	6.1%
	Anytime	BLNN1AU	8.52	\$2,413	\$2,545	\$133	5.5%
	Time of Use - Basic	BLNT2AU	31.71	\$4,946	\$5,256	\$310	6.3%
	Time of Use - Interval	BLNT2AL	19.50	\$3,233	\$3,442	\$209	6.5%
	Controlled Load 2	BLNC2AU	1.84	\$163	\$178	\$15	9.1%
	Optional Demand	BLND1AB	43.96	\$5,609	\$5,994	\$385	6.9%
Large Business	Demand	BLND3AO	522.57	\$67,827	\$72,101	\$4,274	6.3%
	Demand – Alternate	BLND3TO	479.99	\$109,704	\$114,609	\$4,905	4.5%

Each tariff has a different change in their average rate due to the mix between the components as part of the overall network tariff rates.

Table 2 below highlights the expected movement in the average charge for each of Essential Energy’s tariff classes for distribution charges only. 2026-27 forecast distribution revenue of \$1,230M is an increase of \$39M compared with 2025–26. Distribution revenue makes up 67% of total network revenue, 2% lower than in 2025-26.



Table 2: Annual Distribution Charge Bill Impacts for each tariff class

Tariff	Tariff Code	Average Annual MWh	Average Annual DUOS Charges	Average Annual DUOS Charges	Average Change per Customer	Average Movement (%)	
			2025-26	2026-27			
Residential	Sun Soaker	BLNRSS2	4.58	\$756	\$786	\$29	3.9%
	Anytime	BLNN2AU	4.58	\$863	\$896	\$33	3.8%
	Time of Use - Basic	BLNT3AU	7.38	\$936	\$970	\$34	3.6%
	Time of Use - Interval	BLNT3AL	4.87	\$744	\$776	\$32	4.2%
	Controlled Load 1	BLNC1AU	1.88	\$51	\$54	\$3	5.7%
	Optional Demand	BLND1AR	7.42	\$804	\$836	\$32	4.0%
Small Business	Sun Soaker	BLNBSS1	19.50	\$2,279	\$2,336	\$57	2.5%
	Anytime	BLNN1AU	8.52	\$1,906	\$1,968	\$62	3.2%
	Time of Use - Basic	BLNT2AU	31.71	\$3,399	\$3,481	\$81	2.4%
	Time of Use - Interval	BLNT2AL	19.50	\$2,255	\$2,322	\$66	2.9%
	Controlled Load 2	BLNC2AU	1.84	\$97	\$101	\$4	3.6%
	Optional Demand	BLND1AB	43.96	\$3,577	\$3,660	\$83	2.3%
Large Business	Demand	BLND3AO	522.57	\$45,655	\$46,618	\$962	2.1%
	Demand – Alternate	BLND3TO	479.99	\$86,850	\$88,341	\$1,492	1.7%



2026-27 Trial Tariffs

Trial, or sub-threshold, tariffs are used to test and gather insights to inform the development of new tariff structures for the next regulatory determination. The aim is to enhance network efficiency and support the energy transition.

Network Issues To Be Addressed:

- Growth of renewables is increasing the 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 production; and
- There is a need to recover costs fairly and equitably while balancing complexity and cost reflectiveness.

2026-27 proposed trial tariffs include the following:

1. Grid Connected Storage Tariffs (High Voltage and Low Voltage versions)

- Two tariffs to encourage the efficient use of storage technologies on the low voltage (LV) and high voltage (HV) network to assist with managing network issues
- Similar format to the current storage tariffs with wider Sun Soaker window – expanded to 9am – 4pm
- Daily network access applies, plus demand charges

2. Flexible Load Tariff

- Supports customers with highly flexible loads, including both large LV and HV customers
- Key requirement is to opt in to a dynamic connection agreement
- Daily network access charge and consumption charges apply on a Time of Use structure

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
- Only available to specified customers on grandfathered access plans
- Rates align to Controlled Load 1 with a daily network access charge and consumption charges



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.

Ancillary Network Services

For 2026-27, ancillary network services are forecast to increase by 4.6% compared with 2025-26. This is consistent with Essential Energy's 2024-29 Regulatory Determination and the approved Consumer Price Index (CPI) increase.




Public Lighting

Public lighting rates are forecast to increase by 3.6% over the same period, in line with the approved CPI increase.



Modification History

Version	Date	Description
1	31/03/2026	Original version

-  [essential-energy](#)
-  [EssentialEnergyAU](#)
-  [essential_au](#)
-  [essentialenergytv](#)

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