2026-27 Network Pricing Proposal

FINAL

31 March 2026

PowerWater

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Abbreviations

The following table provides a list of abbreviations and acronyms used throughout this document. Defined terms are identified in this document by capitals.

Term	Definition
ACS	Alternative Control Services
AER	Australian Energy Regulator
DMIS	Demand Management Incentive Scheme
EB RIN	Economic Benchmarking Regulatory Information Notice
HV	High Voltage
JSA	Jurisdictional Scheme Adjustment
kV	Kilovolts
LRMC	Long Run Marginal Cost
LV	Low Voltage
NMI	National Metering Identifier
NSPs	Network Service Providers
NT NER	NT National Electricity Rules
NT Pricing Order	NT Government Electricity Pricing Order
Power and Water	Power and Water Corporation
PTRM	Post Tax Revenue Model
PV	Photovoltaic
RESIP	Regulated Electricity System Investment Plan
RMS	Retail Management System
RoLR	Retailer of Last Resort
SAC	System Availability Charges
SCS	Standard Control Services
TAR	Total Allowed Revenue
TSS	Tariff Structure Statement
WACC	Weighted Average Cost of Capital

Executive summary

Power and Water's proposed network tariffs for 2026–27 reflect a move back towards the original price path set at the time of the 2024-29 regulatory determination. Tariff levels are materially different from 2025-26 tariffs, which included substantial reductions compared to 2024-25 charges to return a prior year over-recovery back to customers.

Power and Water Corporation (**Power and Water**) is pleased to submit our 2026-27 network pricing proposal to the Australian Energy Regulator (**AER**) and our stakeholders.

Power and Water's regulated electricity networks are subject to economic regulation. The AER sets an annual maximum allowed revenue we can collect for our standard network services (standard control services (**SCS**)), and one-off services provided to customers (alternative control services (**ACS**)). Each year, we propose network tariff charges to collect the allowed revenue and assign customers to 7 tariff types based on their consumption, voltage connection, the meter on their premises.

This document sets out Power and Water's proposed network tariffs for our regulated customers including tariffs for SCS and ACS fees and charges. All values shown in this proposal are in nominal dollars and exclude goods and services tax (**GST**).

Updated billing systems and data

In 2024-25, Power and Water shifted to an updated tariff structure. New data systems have now been implemented to align with this structure. Our quantity forecasts for 2025-26 and future years have been anchored to half-year 20265-26 data from these new collection systems, that are traceable back to billing records. Power and Water plan to transition to full year data from the new system for the 2027-28 pricing proposal, when that is available from the system.

The demand forecasting approach applied in this submission also seeks to move towards a standardised approach to be applied to all aspects of Power and Water's business.

Revenue and implications

Power and Water's total allowable revenue is $214.2 million in 2026-27, which increased by 11.9% from $191.5 million in 2025-26. This represents a revenue allowance of $213.1 million, plus an adjustment of $1.1 million related to a projected negative overs-unders account balance at the end of 2025-26.

When combined with projected demand, total allowable revenue for 2026-27 has the following implications for our network tariffs in 2026-27:

- For a given level of consumption, network bills in 2026-27 are expected to be higher than 2025-26 for customers on 5 of our 7 tariffs.
- This reflects that in 2025-26, tariff levels were significantly reduced to return a large historic over-recovery to customers. 2026-27 tariff levels have now moved back towards the original price path set at the time of the 2024-2029 regulatory determination. This is consistent with the indicative 2026-27 tariffs that were presented in our 2025-26 pricing submission.

- Customers on tariffs 5 and 6, who are not currently subject to the Northern Territory Government's Electricity Pricing Order (**NT Pricing Order**)[1], see an increase in expected network bills of around 16% respectively. This mirrors the projected change in total allowable revenues.

Network bill analysis

Table 1.1 sets out the proposed changes in the network bill for SCS between 2025-26 and 2026-27 for typical customers connected to Power and Water's regulated network.[2] The table shows that reverting towards the original 2024-2029 regulatory period price path results in network bill increases for customers on 5 of the 7 tariffs in 2026-27 (relative to 2025-26). This is consistent with the expectation set in the 2025-26 tariff proposal.

We note that customers also pay additional ACS charges for one-off services specific to a customer. Our ACS prices have increased by inflation consistent with the AER's methodology.

Table 1.1: Change in a typical customer's network bill between 2025-26 and 2026-27* (nominal $, excluding GST)

Tariff	Description	Annual Consumption	Network bill ($)			Network bill impact (FY26-FY27)	
		kWh	2024-25	2025-26	2026-27	$	%
1	Residential accumulation^	8,500	$1,243	$1,896	$1,458	($438)	-23.1%
2	Non-residential accumulation^	30,000	$2,830	$694	$3,170	$2,476	356.6%
3a	Residential 0-160MWh^	8,500	$1,231	$949	$1,458	$509	53.6%
3b	Non-residential 0-160MWh^	30,000	$2,849	$3,255	$3,170	($85)	-2.6%
3c	Smart meter 160-750MWh^	250,000	$25,035	$22,667	$29,154	$6,488	28.6%
5	LV >750MWh	3,200,000	$174,043	$176,766	$204,573	$27,807	15.7%
6	HV Smart Meters	5,400,000	$231,317	$231,310	$268,805	$37,495	16.2%

1 Northern Territory Government, Electricity Pricing Order 1 January 2026 - 30 June 2026, 24 December 2025.

2 It should be noted that the impacts highlighted in Table 1.1 do not take into account any potential changes in generation, metering, retail, system control, and market operator charges.

Note 1 – tariff 4 not included in this table as this tariff is for street lighting and other unmetered installations.
Note 2 – all impacts above excludes ACS metering charges.
Note 3^ – currently the customer has retail price protection under the NT Electricity Pricing Order as set out in next section.

NT Pricing Order

The changes in our network tariffs are not expected to directly impact 99.8% of our customer's actual retail bill due to the NT Pricing Order. Currently, most customers who consume less than 750MWh annually, regardless of meter and system type, are subject to retail prices set under the NT Pricing Order.[3] We anticipate that the NT Pricing Order will continue in the 2026-27 regulatory year, meaning that changes in Power and Water's network tariffs will not directly impact the bills of the majority of customers.

Our major energy customers are classified as LV connections consuming above 750MWh annually and all HV connections. Most of these customers are not covered by the NT Pricing Order and changes in network tariffs in 2026-27 will have a direct impact. Typically, retailers pass through network charges directly as a separate line item in major energy customer retail bills.

Stakeholder engagement

Once approval is received from the AER for our 2026-27 network tariff prices, we will engage with our stakeholders including licenced retailers and major customers operating across the Northern Territory. Power and Water will also continue to engage regularly with our major customers on indicative bill impacts and additional opportunities to reduce network bills. For example, we currently work with customers on how they can shift energy usage to off-peak periods.

3 An adjustment to the NT Pricing Order effective from July 2025 has removed regulation from customers defined as Government Customers, whereby non-residential Commonwealth and Territory entities and connections are required to pay Cost Reflective Tariffs. Local Government users are scheduled for addition to the definition from 1st July 2026. We do not anticipate this to materially affect Power and Water's network pricing.

1. Purpose of the proposal

Under the **Northern Territory National Electricity Rules (NT NER)**, Power and Water Corporation (Power and Water) is required to submit an annual network pricing proposal to the **Australian Energy Regulator (AER)** for approval in each regulatory year.

This document is Power and Water's **2026–27 Annual Network Pricing Proposal** and sets out the proposed network tariffs for **Standard Control Services (SCS)** and **Alternative Control Services (ACS)** for the period **1 July 2026 to 30 June 2027**.

This is the **third regulatory year** of the current regulatory control period covered by the AER's **Final Determination for Power and Water's electricity distribution services for 2024–29**.

The primary purposes of this proposal are to:

- set out Power and Water's proposed network tariffs and tariff structures for 2026–27;
- demonstrate compliance with the NT NER, the applicable control mechanisms, and the AER's 2024–29 distribution determination;
- explain the methodology used to derive tariffs, including revenue reconciliation, demand and consumption forecasting, and tariff rebalancing;
- present the expected impacts of the proposed tariffs on representative customer groups; and
- provide transparency to customers, retailers, and other stakeholders regarding network pricing outcomes.

Indicative tariffs for the remaining years of the current regulatory period (2027–28 and 2028–29) are provided in the appendices to this proposal, consistent with the requirements of the NT NER and Power and Water's approved **Tariff Structure Statement (TSS)**.

1.1 Network services and pricing regulations

Power and Water builds and operates electricity networks in three regulated regions of Darwin-Katherine, Alice Springs and Tennant Creek. Our regulated electricity network is subject to economic regulation by the AER, where we have controls placed on the revenue we collect from our customers for our SCS and price controls on our ACS.

Our SCS tariffs are designed to recover the maximum revenue allowed by the AER. The revenue is set in the AER's 2024-29 distribution determination and is designed to recover the efficient cost of planning, designing, constructing, operating, and maintaining the electricity distribution network. Our ACS charges cover our metering tariffs and ancillary one-off services provided to customers on request.

We charge retailers for the network services provided to regulated customers including the tariffs for SCS and ACS. As discussed in the Executive Summary, customers consuming less than 750MWh are subject to the tariffs set out in the NT Pricing Order, and are not billed based on our network tariffs. We expect that the NT Pricing Order will continue through 2026-27 meaning that changes in our network tariffs will not directly impact these customers. Our major customers that consume more than 750MWh annually are not subject to the NT Pricing Order and retailers pass on our network charges to these customers.

1.2 Control mechanisms

A control mechanism imposes limits over the prices or revenues that we can recover from customers. The AER's 2024-29 distribution determination applies a revenue cap on our SCS. Under a revenue cap, the AER sets the maximum revenue we can recover from customers during that period. Any variation in actual revenue in any one year, compared to what was forecasted, is recovered or paid back to customers in subsequent years.

Power and Water's network pricing proposal must demonstrate compliance with the SCS revenue cap, including accounting for adjustments for any under or over recovery of revenue in prior years, in accordance with the AER's 2024-29 distribution determination.

Price caps apply to our different ACS and the AER approves a maximum price for each service. The initial price for each of these ACS are then adjusted annually in our annual network pricing proposal process.

1.3 Tariff Structure Statement (TSS)

As part of the 2024-29 AER's distribution determination, the AER approved our TSS. The TSS explains the charging parameters within each tariff and a description of the approach we will take in setting tariffs in the annual network pricing proposals. The TSS introduced significant changes in the 2024-29 regulatory control period, including:

- Replacing demand charges with time of use energy charges for our tariff 3 customers that consume less than 750MWh and have a smart meter.
- Changing our definition of peak periods to more closely align to times when the network is most congested and introducing changes to the structure of our demand tariffs for major customers.
- Merging high voltage customers into a single tariff.

No further tariff changes are proposed as part of our 2026-27 Pricing proposal. As of February 2026 we are currently scoping tariff trials, however these are not sufficiently developed to be incorporated in the Pricing Proposal. Any updates will be communicated when pertinent.

1.4 Model suite

Two models are submitted to the AER as part of the annual pricing proposal:

- The SCS Annual Pricing Model – 2026-27
- The ACS Annual Pricing Model – 2026-27

These models are provided to Power and Water partially pre-filled. Power and Water then submit completed models for the 13 February 2026 preliminary submission, and final completed models for the 31 March final submission.

Tariffs in 2026-27 are set using 2024-25 actuals and 2025-26 estimates to inform revenue recovery. This requires the following inputs:

- Audited revenue and quantity actuals for 2024-25 (year t-2).
- Estimated quantities for 2025-26 (year t-1), based on year-to-date actuals.
- Forecast quantities for 2026-27 (year t) to 2028-29, the end of the regulatory period (updated from the previous year).

- Updated post-tax revenue model (**PTRM**).

These inputs contribute to setting tariffs for 2026-27 and provide updated placeholder figures for the remainder of the regulatory period.

1.5 Structure of the document

This document is structured as follows:

- Section 2 sets out the network tariff classes, tariffs and charging parameters we propose to apply in 2026-27 and describes our process to assign customers to tariff classes.
- Section 3 identifies the key inputs, forecasts and strategies that were used to develop the SCS tariffs.
- Section 4 sets out our proposed SCS tariff rates for 2026-27.
- Section 5 sets out our proposed ACS tariff rates for 2026-27.
- Section 6 comments on our compliance with the NT NER, including with respect to the pricing principles and other requirements.

All values shown in the proposal are in nominal dollars and exclude GST, unless otherwise stated.

2. Tariff structures

Our 2026-27 network tariff proposal maintains the current structure of tariffs as identified in our approved TSS and the 2025-26 network pricing proposal. We have assigned customers to each of the tariffs based on our annual review of customer's meter type and consumption. Our smart meter rollout will mean that many of our customers will change tariff class in 2026-27 and the remaining years of the 2024-29 regulatory period.

All our customers are assigned to 1 of 7 – tariffs based on their meter technology, whether they are a residential or non-residential customer, and their likely annual consumption. Each tariff has at least 1 of 3 different charging components including fixed, consumption and demand charges. A 'tariff class' is a grouping of one or more tariffs. This chapter explains our tariffs and network tariff classes (section 2.1), the components and charging parameters we apply (section 2.2) and the annual assessment process for assigning customers to tariffs (section 2.3).

2.1 Tariffs and tariff classes

The purpose of this section is to provide information on our proposed network tariffs and tariff classes to apply to the 2026-27 regulatory year. **Table 2.1** sets out the tariff class, tariff name and criteria for assignment. These tariff classes are important in establishing compliance with the side constraint provisions in the NT NER.

Customers who connect to the low voltage network and consume less than 750MWh annually will be assigned to tariffs using the criteria outlined in

Table 2.2**.** The differences relate to meter technology, whether the primary use of the premises is for residential or non-residential purposes and consumption levels for customers with a smart meter.

Customers connected to the low voltage network[4] and who consume greater than 750MWh annually, will be assigned to the low voltage greater than 750MWh tariff class under Tariff 5.

Customers connected to the high voltage network[5]will be assigned to the high voltage tariff class under Tariff 6.

4 This is defined as a network where electricity is supplied between 230 to 400 volts.

5 This is defined as a network where electricity supplied at 11 kilovolts or higher.

Table 2.1: Network tariff classes and tariffs

Tariff Class	Tariff name	Criteria for assignment
LV less the 750MWh annually	1: Residential Accumulation Meter	Residential customers consuming less than 750MWh annually, for each National Meter Identifier (NMI) with standard accumulation meters
	2: Non-Residential Accumulation Meter	Non-residential customers connected to the low voltage network consuming less than 750MWh annually, for each NMI with standard accumulation meters
	3a: LV Smart Meter Residential	Residential customers connected to the low voltage network with a smart meter consuming less than 160MWh annually, per NMI
	3b: LV smart meter non-residential	Non-residential customers connected to the low voltage network with a smart meter consuming less than 160MWh annually, for each NMI
	3c. LV smart meter	Residential and non-residential customers connected to the low voltage network with a smart meter consuming above 160MWh and less than 750MWh annually, for each NMI
	4: Unmetered	Unmetered supply (for street lighting, traffic lights, CCTV cameras and other unmetered devices) consuming less than 750MWh annually
LV above 750MWh	5: LV majors	Customers connected to the low voltage network consuming above 750MWh annually for each NMI
HV	6: HV smart meters	All customers connected to the high voltage network

Table 2.2: Low voltage less than 750MWh tariff class – eligibility

Tariff	Criteria
Tariff 1 **residential accumulation meter**	• Total electricity consumption is less than 750MWh annually per NMI. • Electricity is supplied at a voltage level defined as low voltage – nominally 230/400V. • The customer is connected to the low voltage network via an accumulation meter. • The premises is intended to be used primarily for residential purposes, excluding serviced apartments, but including electricity used on vacant land zoned for residential (domestic) purposes; and living premises in retirement villages, which must be separately metered.
Tariff 2 **non-residential accumulation meter**	• Total electricity consumption is less than 750MWh annually per NMI. • Electricity is supplied at a voltage level defined as low voltage – nominally 230/400V. • The customer is connected to the low voltage network via an accumulation meter. • The premises is intended to be used for non-residential purposes, including electricity used on vacant land zoned for commercial purposes; temporary supply (i.e. for construction purposes); motels, hotels, serviced apartments and any form of temporary accommodation; shops, offices, warehouses, and industrial/manufacturing plants; mining enterprises; and farms.
Tariff 3a **LV smart meter residential**	• Total electricity consumption is less than 160MWh annually for each NMI. • Electricity is supplied at a voltage level defined as low voltage – nominally 230/400V. • The customer is connected to the low voltage network via a smart meter. • The premises is intended to be used primarily for residential purposes, excluding serviced apartments, but including electricity used on vacant land zoned for residential (domestic) purposes; and – living premises in retirement villages, which must be separately metered.
Tariff 3b **LV smart meter non-residential**	• Total electricity consumption is less than 160MWh annually for each NMI. • Electricity is supplied at a voltage level defined as low voltage – nominally 230/400V. • The customer is connected to the low voltage network via a smart meter. • The premises is intended to be used for non-residential purposes, including electricity used on vacant land zoned for commercial purposes; temporary supply (i.e. for construction purposes); motels, hotels, serviced apartments and any form of temporary accommodation; shops, offices, warehouses, and industrial/manufacturing plants; mining enterprises; and farms.
Tariff 3c **LV smart meter**	Applies to customers where: • Total electricity consumption is greater than 160MWh but less than 750MWh annually per NMI. • Electricity is supplied at a voltage defined as low voltage – nominally 230 to 400V. • The customer is connected to the low voltage network via a smart meter. • The premises is intended to be used for either residential or non-residential purposes.
Tariff 4 **unmetered supply**	Applies to connection points that, with the agreement of Power and Water, are unmetered (Type 7 metering) and the consumption is anticipated to be less than 160MWh annually. In these circumstances, the demand at the connection point is estimated.

2.2 Tariff components and charging parameters

Under our AER approved TSS, customers in each tariff are subject to a range of pricing components to which charges are applied. This includes a daily system access charge ($/NMI/Day) and energy charges ($/kWh), and demand charges ($/kVA) for customers with smart meters consuming above 750MWh annually. These components vary for each of the 7 tariffs. In addition, there is a separate ACS metering charge, which is applied as a fixed daily charge based on the number and type of meters installed at the NMI (see Section 5).

2.2.1 System availability charge

The system availability charge (SAC) is a fixed daily charge component for each NMI and designed to recover the costs associated with maintaining the connection to Power and Water's electricity network. This charge is applied to all tariffs, except for Tariff 4 as this is unmetered infrastructure connected to the network.

2.2.2 Energy consumption charges

For the current regulatory control period (2024-29) we will continue to apply both an 'anytime' energy charge or a 'time of use' energy charge. The type of energy charge will be based on:

- The type of meter installed at the property, or
- The annual consumption of the customer.

The anytime energy tariff applies to all customers assigned to tariffs 1, 2, 4, 5 and 6. Customers assigned to tariffs 1 and 2 are subject to the anytime energy rate as they are connected to the network through an accumulation meter and therefore cannot be charged on any other basis. Tariff 4 covers unmetered infrastructure which is charged based on the maximum voltage of the connected device, as no meter is attached the customer must be charged at the flat rate. Tariffs 5 and 6 customers are our major customers, either connected to our HV network or consuming above 750MWh annually on our LV network. These tariffs are assigned an anytime energy tariff as these are also charged a time-of-use demand (KVA) charge.

The time of use energy charge only applies to our tariff 3 customers, covering tariffs 3a, 3b and 3c all of which are LV smart metered connections consuming below 750MWh annually. We consider that the change would provide a simpler signal to customers if the NT Pricing Order protections are removed or amended. The price signal would provide customers with a signal to reduce consumption when the network is experiencing peak demand in the evening and increase consumption when there is ample capacity to meet demand in the middle of the day. The different periods for charging energy in the 2024-29 regulatory control period are:

- High (Peak) period, which is from 1 October to 31 March weekdays, between 3pm and 9pm.
- Medium (Off-peak) period, which is from 1 April to 30 September Monday to Sunday between 3pm to 9am and from 1 October to 31 March, Monday to Sunday between 9pm to 9am and 3pm to 9pm on weekends.
- Low (Super off-peak) period, which is every day of the year between 9am and 3pm.
- Anytime energy period, which is 24 hour a day, 7 days a week all year round.

The high period energy charge is designed to encourage customers to avoid using the network during maximum demand periods. The medium period signals that while the network is not expected to

experience major demand issues, customers should be mindful of their usage. The low period is designed to encourage customers to increase usage and shift load (where possible) to this time, supporting minimum demand issues on the network. Lastly, the anytime energy period, which remains for our largest customers consuming above 750MWh annually or connected to our HV network, is designed to recover residual costs of tariffs which also incorporate a demand (kVA) charge.

2.2.3 Demand charge parameters

For customers with smart meters and consuming less than 750MWh annually, there is no demand charge component and instead the time of use energy charges as outlined above are applied.

For our major customers, i.e. LV customers consuming above 750MWh annually and all customers connected to the HV network, an annual peak demand charge will continue to apply. This charge is applied as an 'On' season, from 1 October to 31 March, and an 'Off' season from 1 April to 30 September each year.

The two seasons allows us to better manage major customer impacts by smoothing the 'on' season rate, by recovering during the 'off' season. This is important for customers who are not covered by the NT Pricing Order.

2.2.4 Tariff structure and demand and energy periods

Table 2.3 below outlines the various time periods that apply to our energy and demand charges, with Table **2.4** outlining the various components that apply to each of our tariffs.

Table 2.3: Breakdown of energy and demand time of use periods

Energy (kWh) details and periods	Demand (kVA) detail and periods
Low Period (Super Off-Peak) • 9am to 3pm Monday to Sunday, all year	On Season - Peak Period 3pm to 9pm Monday to Friday (including public Holidays) from 01 October to 31 March
Mid Period (Off Peak) • 3pm to 9am Monday to Sunday from 01 April to 30 September, and • 9pm to 9am Monday to Sunday from 01 October to 31 March and 3pm to 9pm on weekends	Off Season - Peak Period 3pm to 9pm Monday to Friday (including public Holidays) from 01 April to 30 September
High Period (Peak) • 3pm to 9pm Monday to Friday (including public Holidays) from 01 October to 31 March	Peak Demand Charging Consumer charged for the highest recorded demand during the peak period (regardless of season) each month
Anytime Energy • 24 hour a day, 7 days a week, is a flat rate (cents/kWh) that applies all day every day	

Table 2.4: Network tariffs by charging parameters from 1 July 2026

Tariff	Tariff Description	Connection Voltage (HV/LV)	System Availability Charge (SAC) ($/NMI/day)	Energy (kWh)				Peak Demand (kVA)*	
				Anytime (24/7)	Low Period	Mid Period	High Period	On Season	Off Season
1	Residential Accumulation	LV	✓	✓					
2	Non-Residential Accumulation	LV	✓	✓					
3a	LV Smart Meter (Residential)	LV	✓		✓	✓	✓		
3b	LV Smart Meter (Non-Residential Less than 160MWh)	LV	✓		✓	✓	✓		
3c	LV Smart Meter (Non- Residential (160MWh to 750MWh)	LV	✓		✓	✓	✓		
4	Unmetered	LV		✓					
5	LV Majors	LV	✓	✓				✓	✓
6	HV Smart Meters	HV	✓	✓				✓	✓

2.3 Tariff assignment process

Power and Water has a two-step process to assign or reassign customers to an appropriate tariff class and tariff. Initially, a customer is assigned a tariff class according to whether they are connected to the LV or HV network. Consideration is given to the customer's historical or expected consumption level and finally meter type. Using these characteristics, the customer is then assigned an appropriate tariff type.

A tariff assignment is triggered when one of the following occurs:

- Power and Water undertake an annual customer review and identifies that the customer may need to be reassigned.
- A smart meter is installed.
- A new customer connects to the network and is allocated a NMI for the first time.
- Following a request by a retailer, the customer, or their representative.

The tariff assignment will continue to apply until a reassignment is triggered, either due to changes in the customer's load, connection, metering characteristics or by request.

3. Inputs and quantity forecasts

The AER has sought greater transparency in how Power and Water has developed quantity inputs that are used to determine network tariffs. This section outlines the approach taken and how we have applied lessons from the 2025-26 tariff proposal process. Our intent is to apply this approach in future years to enable greater stability in approach and tariffs moving forward.

3.1 Inputs provided by AER

The AER partially pre-fills key model inputs such as the regulatory years, day counts, inflation parameters, and historic actuals drawn from Regulatory Information Notice (**RIN**) reporting. Power and Water is required to confirm these prefilled inputs are as anticipated before applying the DNSP-provided quantities and proposed tariffs.

Power and Water confirms that the prefilled elements of the AER templates are as anticipated.

3.2 2024-25 actual quantities

Audited RIN data is used as the basis for the 2024-25 actual quantities. The audited actual quantities are provided in **Table 3.1** below, and compared to the 2024-25 quantity estimates in our 2025-26 submission.

Table 3.1: Comparison of 2024-25 actual to estimates from 2025-26 tariff proposal

	2024-25 Estimate (2025-26 submission)	2024-25 Actual (2024-25 RIN data)	Variance
Service access charge (SAC Days)	31,420,713	30,100,107	-4.2%
Consumption volumes (kWh)	1,704,839,789	1,798,705,867	5.5%
Demand volumes (kVA)	1,438,093	1,235,909	-14.1%

Although total audited quantities were suitable for the RIN (and passed the RIN audit requirements), at the disaggregated level the 2024-25 audited data set is less suitable for annual pricing adjustments. This is because when the audited RIN actuals are broken down into customer types, the splits sometimes appear inconsistent with previously submitted data, particularly between legacy meter customers on tariff 1 and tariff 2 and smart meter customers on tariffs 3A-3C. This reflects some interim challenges resulting from a lag between implementing the revised tariff structure and updated the legacy data systems used to collect billing information. For this reason, for the purpose of forecasting tariff volumes for each tariff class, we do not place weight on the 2024-25 data but rely on data from 2025-26 (see following section).

3.3 2025-26 estimated quantities

Power and Water's new data collection system is now operational, producing six months (July – December 2025) of reliable tariff-level data that can be traced back to billing.

The 2025-26 quantity estimates are derived using this data after extrapolating for the remaining six months of the regulatory year (January – June 2026). The extrapolation method involves adjustments for seasonality, the continued smart meter rollout, and expected changes in major customer demand. Each adjustment is explained below.

3.3.1 Seasonality

Estimated consumption (kWh) and demand (kVA) quantities

We extrapolate a full-year 2025-26 estimate using seasonality shares derived from historical monthly consumption patterns (2022-23 and 2023-24), applied to the observed Jul–Dec 2025 actuals. The process applied is as follows:

- Sum actual consumption for Jul–Dec from 2025-26 data.
- Sum the "average % of annual consumption" for Jul–Dec from 2022-23 and 2023-24 historical data.
- Derive an annual estimate for 2025-26 = (Jul–Dec actual) ÷ (Jul–Dec share).
- Forecast Jan–Jun 2025-26 = Annual estimate × that month's share.

We apply this approach to consumption (kWh) and demand (kVA) quantities only. As explained in the following sub-section, SAC quantities do not require an adjustment for seasonality, and so the approach to extrapolating a full 2025-26 forecast is different.

Estimated SAC quantities (no seasonality)

SAC is a fixed daily access charge and as such is not extrapolated using seasonal consumption. We estimate Jan–Jun SAC days by starting from December 2025 customer numbers. This is based on a count of unique National Metering Identifiers (NMIs) from our billing system, for each tariff class in December 2025. This provides an up-to-date picture of current customer numbers, that reflects the current progress of the smart meter rollout. We then assume that customer numbers remain constant, with SAC quantities varying slightly month-to-month given the number of days in each month. This provides a baseline for each tariff class. As explained in the following section, we then adjust this baseline to reflect the transition to smart meters.

3.3.2 Smart meter rollout

Power and Water is in the process of rolling out smart meters through a multi-year programme. Accordingly, there is a need to account for the progress of the smart meter programme in the 2025-26 estimate (and beyond).

We have assumed that the smart meter rollout changes the **composition** of total system demand (i.e., the proportions of SAC, kWh and kVA attributed to each tariff class), but does not change **total** system demand. Accordingly, the smart meter rollout adjustment involves re-apportioning the estimates described in Section 3.3.1 to reflect anticipated movements of customers between tariff categories. We have assumed that:

- All customers currently on tariff 1 move onto tariff 3A when a smart meter is installed.
- For customers currently on tariff 2, we assume that 95% move to tariff 3B and 5% to tariff 3C.
    - There is some uncertainty around this assumption – in practice, closer to 100% of tariff 2 customers may move to tariff 3B.

- This reflects that while previously a higher proportion of tariff 2 customers have moved to tariff 3C (compared to tariff 3B), we consider that at this stage of the smart meter roll out, most if not all larger customers have already been switched.

The rollout assumptions that we have applied are described in **Table 3.2**.

Table 3.2: Assumed smart meter rollout

	2026-27	2027-28	2028-29
Number of accumulation meters at start of year	19,150	5,150	-
Number of accumulation meters at end of year	5,150	-	-

3.3.3 Major customers

In the final step to derive a full-year 2025-26 estimate, we then assessed whether it was necessary to incorporate new large loads from tariff 6 / tariff 5 connections, as additive block loads on top of the seasonality-extrapolated baseline.

After careful review and consultation with Network and System Planning, we have incorporated one new major load in the forecast for 2025-26. As discussed in Section 3.4, we have also included some additional new large customer loads in our forecast for 2026-27 and beyond.

3.3.4 Summary

When compared to the audited 2024-25 RIN dataset, the above approach shows total energy consumption for 2025-26 falling slightly, while customer equivalents (SAC) rise materially (**Table 3.3**). This is directionally consistent with expectations after shifting to a new data collection system.

Table 3.3: Comparison of 2024-25 actual and 2025-26 estimated quantities

	2024-25 (actual)	2025-26 (previous estimate)	2025-26 (current estimate)	% Change (FY25 v. FY26 current estimate)	% Change (FY26 previous v. current estimate)
SAC quantities (NMI days)	30,100,107	31,491,150	32,376,155	7.6%	2.8%
Demand quantities (kVA)	1,235,909	1,335,213	1,322,163	7.0%	-1.0%
Consumption quantities (kWh)	1,798,705,867	1,730,425,228	1,788,326,652	-0.6%	3.3%

3.4 2026-27- to 2028-29 forecast quantities

Our approach to deriving forecast quantities for 2026-27 and beyond is as follows:

- First, we determine the base year. We propose to use the 2025-26 estimated quantities for this purpose.
- Second, we apply an annual rate of change, drawn from the Regulated Electricity System Investment Plan (**RESIP**).

- Third, we apply adjustments for the smart meter rollout.
- Finally, we overlay anticipated new major customer loads.

We explain each step in the subsections below.

3.4.1 Base year

We consider that estimated quantities for 2025-26 provide the most suitable base year for our forecast, as they reflect the most recent available data. For example:

- The ongoing smart meter rollout makes the tariff class level breakdown more suitable for projecting forwards.
- There have been recent policy setting changes in the regulated retail electricity tariff space.[6] These changes may have affected customer consumption behaviour. 2025-26 data will better capture the effect of these policy settings.

3.4.2 Future rate of change

From the 2025-26 extrapolated base, we apply annual growth rates that are consistent with Power and Water's Regulated Electricity System Investment Plan (**RESIP**) demand forecast at an aggregate level (i.e., the combined projected demand – GWh – for Darwin/Katherine, Alice Springs and Tennant Creek systems).

The RESIP is a 10-year, whole-of-system plan that is in development for the Northern Territory's regulated power systems; Darwin-Katherine, Alice Springs and Tennant Creek. Power and Water intend to use the REISP forecast as the basis for all forecasting outputs. This reflects Power and Water's intention to move toward a single, standard approach to demand forecasting across the business, so that forecasts are consistent irrespective of application.

The forecast applied for this tariff submission applies a modest growth rate of 0.2% p.a. for 2026-27 to 2028-29. We expect to refresh the underlying RESIP demand forecast ahead of the next annual pricing cycle.

Relative to the forecasts included in last year's submitted models, this approach produces a similar overall direction of travel but with a different starting point. This is because the forward path is rebased on the 2025-26 estimated quantities, rather than the consumption anchor used previously. This rebasing is the main driver of any differences observed in the AER trend and movement outputs, rather than a material change in the underlying growth assumption.

As outlined in subsequent sections, we have overlaid the RESIP-derived forecast with adjustments for the smart meter roll out (Section 3.4.3) and large customers loads (3.4.4).

3.4.3 Smart meter rollout

For 2026-27 onwards, we have applied the same approach as described in Section 3.3.2.

6 From 1 July 25, the changes included the introduction of a new large user (500-750MWh) tariff, a new feed-in tariff structure, and removal of subsidisation of government customer tariffs. From 1 Jan 26, the changes included a capped daily volume on residential user tariffs and changes to time of use tariffs (quantum, and windows) for all customers. Further changes have been foreshadowed for 1 July 2026. Further information is available at: https://treasury.nt.gov.au/news/2025/electricity-pricing-reforms.

3.4.4 Major customers

Our forecast for 2026-27 to 2028-29 includes an allowance for three prospective new major customer loads. These reflects Network and System Planning's current best view of the likely timing for these new loads. While we have endeavoured to include only large loads that appear likely to connect to the system, there is an element of uncertainty in these assumptions.

3.4.5 Summary of quantity forecasts

The charts below show annual quantity forecasts for SAC, demand and consumption across 2024-25 to 2028-29, based on the assumptions outlined above.

Figure 3.1: SAC days 2024-25 to 2028-29

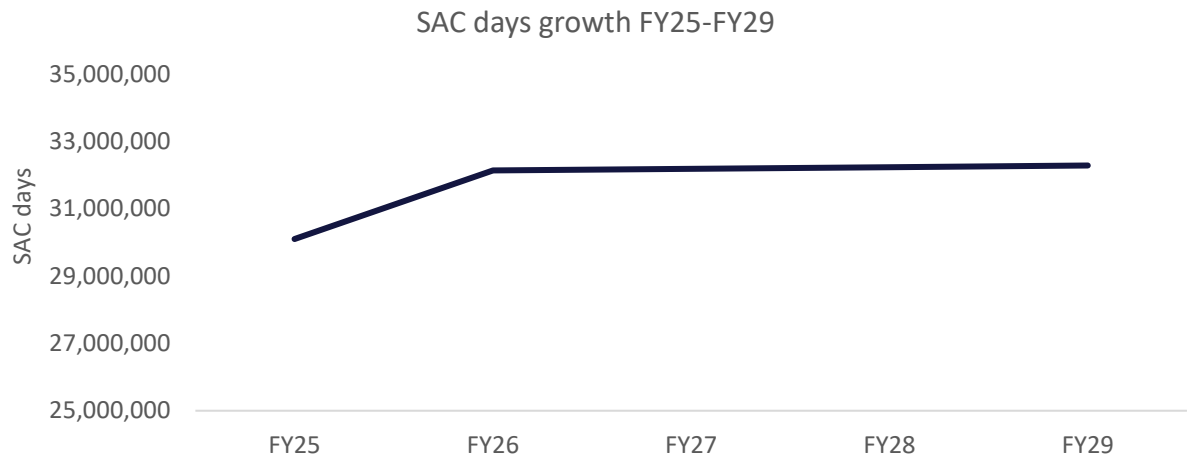


Figure 3.2: Consumption volumes (kWh) 2024-25 to 2028-29

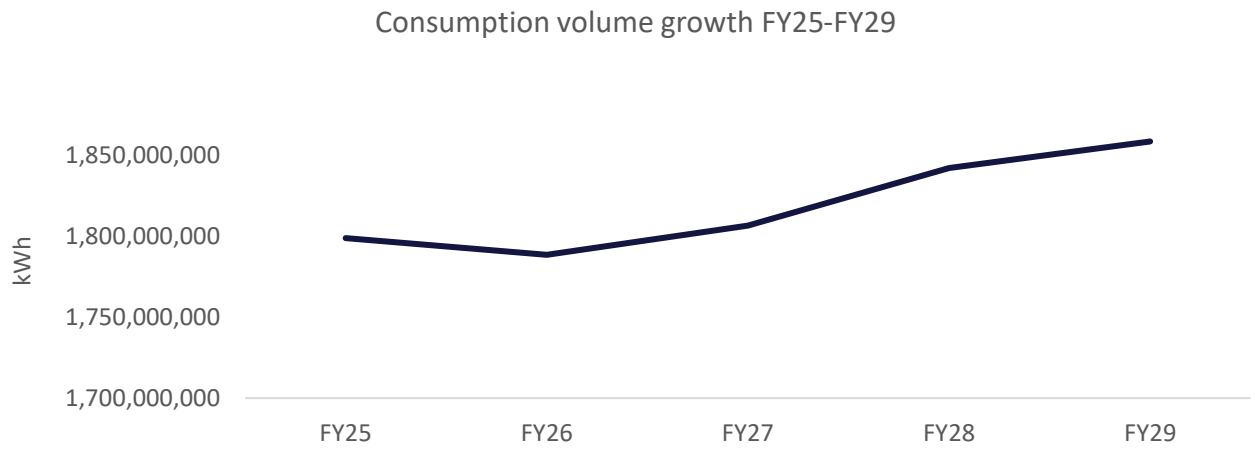
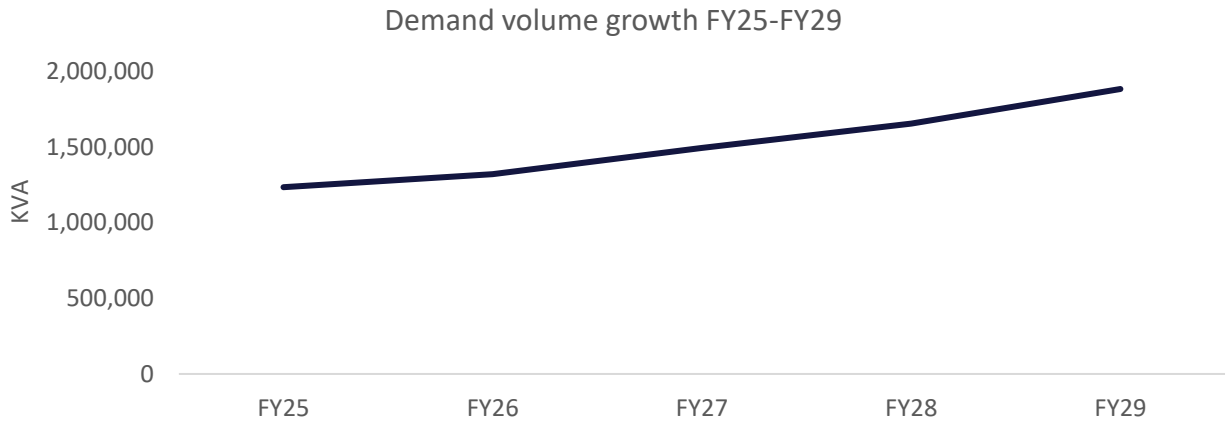


Figure 3.3: Demand volumes (kVA) 2024-25 to 2028-29



4. Tariffs for standard control services

Power and Water's proposed SCS tariffs for 2026–27 reflect a move back towards the original price path set at the time of the 2024-29 regulatory determination. Tariff levels are materially different from 2025-26 tariffs, as the latter included significant reductions from 2024-25 charges to return a prior year over-recovery back to customers.

The purpose of this section is to explain our process for deriving SCS tariffs in 2026-27. To calculate tariffs, we:

- Applied the 2024-25 actual and 2025-26 estimated quantities described in Section 3 to the SCS model, alongside the AER pre-filled inputs. This produced (i) actual over / under recovery against allowed revenues for 2024-25 and (ii) projected over / under recovery against allowed revenues for 2025-26.
- From this basis, we then calculated total allowable revenue (**TAR**) for 2026-27, given the 2024-25 actual results, 2025-26 forecast result, and necessary adjustments.
- Finally, we updated the 2026-27 tariff levels based on our AER approved TSS, such that (i) forecast revenues for 2026-27 are consistent with the revised allowable revenue and (ii) movements in tariff levels are consistent with the side constraint.

This chapter is structured as follows:

- Section 4.1 sets out the inputs to calculate the total allowable revenue for 2026-27.
- Section 4.2 sets out our tariff re-balancing strategy for 2026-27.
- Section 4.3 identifies our proposed tariffs for 2026-27.

4.1 Total allowable revenue

The first step in this process is to calculate the total allowable revenue (**TAR**) for 2026-27. The TAR we have calculated for 2026-27 is $214.2 million, which is 11.9% higher than the 2025-26 TAR of $191.5 million.

This represents a revenue allowance of $213.1 million, plus an adjustment of $1.1 million related to a projected negative overs-unders account balance at the end of 2025-26.

4.1.1 Calculation of total allowable revenue

The AER prescribes the method and formula that we must use to derive the TAR.[7] The TAR formula is:

$$TAR_t = AAR_t + I_t + B_t + C_t$$

The elements are:

- AAR_t is the adjusted annual smooth revenue requirement for year t (2026-27).
- I_t is the sum of incentive scheme adjustment in year t relating to approved demand management incentive scheme (**DMIS**) amounts from t-2 (2024-25).

7 This is identified in figure 14.4.1 Attachment 14 of the Control Mechanisms. See AER's 2024-29 final determination.

- B_t is the sum of annual adjustment factors for year t (2026-27).
- C_t is the sum of approved cost pass through amounts with respect to regulatory year t (2026-27).

Table 4.1 applies the TAR formula setting out where the inputs are sourced from. The attached 2026-27 SCS pricing model provides the underlying calculations.

Table 4.1: 2026-27 SCS total allowed revenue ($m, nominal)

Input	Value*	Source
Adjusted annual smoothed revenue (AAR_t)	$213.082	This reflects the final smoothed nominal revenue requirement approved by the AER, adjusted for updated values for inflation (3.63%), the X-factor (-7.40%) and the real vanilla weighted average cost of capital (WACC, 3.13%) – as sourced from the AER.[8]
Demand management incentive scheme (DMIS) adjustments (I_t)	$0.00	None.
Demand management innovation allowance mechanism (DMIAM) adjustments (I_t)	$0.0	None.
Annual adjustments (B_t)	$1.097	We have applied the under and overs account using the AER's required approach – see 'under and over recovery calculation' section below. No additional adjustments have been applied for designated pricing proposal charges or jurisdictional scheme payments.[9]
Cost pass through amounts (C_t)Do	$0.0	There are no pass-through amounts for 2026-27. At submission of this proposal we had not applied for a cost pass through amount.
Total allowable revenue (TAR_t)	$214.179	Sum of the above values.

* Numbers have been rounded for presentational purposes. Exact values are included in the attached SCS pricing model.

4.1.2 Under and over recovery calculation

Under the AER's revenue cap, revenues in year *t* are adjusted to true-up any under or over recovery of actual revenue collected through SCS charges in year *t–2* and any significant estimated under or over recovery of revenues in year *t–1*.

The annual adjustments applicable to Power and Water in 2026-27 are those relating to reconciling revenue for the revenue cap outcomes in the 2024-25 (t-2) regulatory period (based on actual data) and estimated outcomes for the 2025-26 (t-1) regulatory period (based on updated forecast data).

Table 4.2 demonstrates our revenue calculations, including the under and over calculations. In 2026-27, we propose a revenue adjustment of $1.1m, unwinding the projected negative overs/unders account balance

8 The PTRM provided by the AER is the same as that included with its Final Determination for the 2024–29 period, updated for the most recent cost of debt observation.

9 Designated pricing proposal charges are charges related to transmission charges. Power and Water is unique in Australia because we have no network tariff component relating to the annual recovery of transmission costs. While the AER's TAR formula provides for these in the NT, the values are zero for 2026-27. This means Power and Water's network charges only comprise a SCS component. Jurisdictional scheme amounts arise where a distributor is required to incur costs under a jurisdictional scheme imposed by a state or territory government. We have no approved jurisdictional schemes in place currently.

at the end of 2025-26. This is much smaller than the revenue adjustment recorded for 2025-26, which reversed significant over-recoveries in prior years.

Adjustments to the SCS unders and overs account reflect updated values for inflation and the cost of debt, as provided for under the AER's 2024-29 distribution determination.

Table 4.2: 2026-27 revenue calculations ($m, nominal)

Calculations	2023-24 $	2024-25 $	2025-26 $	2026-27 $
Pricing year	**t-3**	**t-2**	**t-1**	**t**
Revenue from charges	168.4	178.2	171.0	214.1
Cross-boundary revenue (Designated pricing proposal charges (DPPC) only)	0.0	0.0	0.0	0.0
Deliberate under-recoveries	0.0	0.0	0.0	0.0
Unpaid network charges (Retailer of last resort (ROLR))	0.0	0.0	0.0	0.0
Total revenue	**168.4**	**178.2**	**171.0**	**214.2**
Adjusted annual smoothed revenue (AARt)	**165.3**	**174.0**	**191.5**	**213.1**
Total allowable revenue (TAR)	**165.3**	**174.0**	**191.5**	**213.1**
Total (under)/over recovery of revenue for regulatory year	**3.1**	**4.2**	**-20.5**	**1.1**
Balancing adjustment (b-factor) made when year was 't'	-10.7	0.5	-17.1	0.0
Net (under)/over recovery of revenue for regulatory year	**13.8**	**3.7**	**-3.3**	**1.1**
SCS unders and overs account				
Nominal WACC	0.00%	7.11%	5.54%	6.87%
Opening balance	9.8	14.0	19.4	-1.1
Interest on opening balance	1.0	1.0	1.1	0.0
Under/over recovery of revenue for regulatory year	3.1	4.2	-21.0	1.1
Interest on under/over recovery for regulatory year	0.2	0.1	-0.6	0.0
Closing balance	**14.0**	**19.4**	**-1.1**	**0.0**

4.2 Tariff rebalancing strategy

The final step is to re-balance tariff rates to allow us to earn the TAR for 2026-27. The combined effect of the small negative unders and overs balance projected in 2025-26 and our updated demand forecast means that on average we need to slightly lower prices in 2026-27 relative to what was indicated in the 2025-26 network pricing proposal. Given the small adjustment that is required, we have adopted a simple five-step approach:

- **Step 1:** Calculated projected 2026-27 revenues based on our updated 2026-26 demand forecast and our indicative 2026-26 tariffs from the 2025-26 pricing submission.
- **Step 2:** Step 1 produces a revenue amount to be recovered from each tariff class. In aggregate, this produces projected revenues that are around 1.6% higher than TAR.

- **Step 3:** Accordingly, we then reduce the revenue to be recovered from each tariff class by 1.6%, such that in aggregate revenues are consistent with our regulatory allowance. This simple adjustment re-aligns tariffs for each class closer to the trajectory envisaged at the start of the 2024-29 regulatory period. It also has the effect of adjusting each charging component within a tariff class by the same percentage. This is consistent with our approach in the 2025-26 pricing submission, where we sought to:
  - Maximise equitability of revenue redistributions.
  - Partially give back under/over-recovery through behaviour-invariant charges (SAC), so as not to excessively temper price signals determined in our TSS strategy.
  - Reduce year-on-year price variability attributable to forecasting limitations by lessening Power and Water's revenue exposure to consumption and particularly demand charges.
- **Step 4**: Step 3 resulted in a minor violation of the side-constraint for LV customers. To address this, we applied the maximum adjustment that was possible for that group while respecting the side constraint and then re-distributed any remaining over- or under-recovery across the remaining tariff classes.
- **Step 5**: Finally, we considered the impact of the ongoing smart meter rollout on tariffs. As outlined in Box 3, we re-balanced charges between tariff 1 / tariff 3A and tariff 2 / tariff 3B in order to ensure that on average small residential customers have the same annual network charge, regardless of whether they have transitioned to a smart meter or not.

Box 3: Impact of the smart meter rollout of tariff rebalancing

Due to the ongoing smart meter roll out, significant numbers of customers are moving between tariff classes from year to year. Accordingly, we needed to take tariff reassignment between 2024-25 and 2026-27 into account when determining the share of the over-recovery that applies to tariff 1 / tariff 3A and to tariff 2 / tariff 3B / tariff 3B.

We have done this by determining the historic over-recovery that should be distributed to these groups in aggregate (i.e. the total for tariff 1 and tariff 3A together, and the total for tariff 2 and tariff 3B together). Then, we have shared this amount within each group such that total forecast bills are the same for tariff 1/tariff 3A and tariff 2/tariff 3B, assuming the same consumption. This aims to ensure that small residential and commercial customers are treated the same, whether they have been moved to a smart meter or not.

This is consistent with our approved TSS, in which estimated bills for tariff 1/tariff 3A and tariff 2/tariff 3B customers were projected to be the same.

4.3 Draft 2026-27 tariffs

Table 4.3 sets out the proposed price list for SCS tariffs in 2025-26 by charging parameter, reflecting the rebalancing strategy applied above. The charges are based on the key inputs, including forecasted volumes, approved tariff strategies and the AER approved revenue allowance.

The attached 2026-27 SCS pricing model includes our forecasted charges for the remainder of the current regulatory control period (2024-29).

Table 4.3 - 2026-27 proposed price list for SCS – tariffs by charging parameter (nominal $)

	System Availability Charge	Energy ($/kWh)				Demand ($/kVA/month)	
Tariffs	SAC $/NMI/day	Anytime (24/7)	Low Period (Super Off Peak)	Mid Period (Off Peak)	High Period (Peak)	On Season	Off Season
Tariff 1: Residential Accumulation Tariff	2.459866	0.065924	-	-	-	-	-
Tariff 2: Non-residential Accumulation Tariff	2.459562	0.075755	-	-	-	-	-
Tariff 3a: LV Smart Meter	2.459582	-	-	0.059227	0.196767	-	-
Tariff 3b: LV Smart Meter	2.951562	-	-	0.064492	0.260721	-	-
Tariff 3c: LV Smart Meter	9.346556	-	-	0.104154	0.327129	-	-
Tariff 4: Unmetered Tariff	-	0.157289	-	-	-	-	-
Tariff 5: LV Majors Tariff	108.067705	0.029473	-	-	-	16.701373	3.929735
Tariff 6: HV Smart Meters	117.892042	0.034385	-	-	-	8.841903	2.615405

4.3.1 Comparison to 2026-27 indicative tariffs

Compared to the indicative 2026-27 tariffs shared in last year's pricing submission, 2026-27 tariff levels have fallen for all tariff classes (Table 4.4). This reflects the combined impact of our updated demand forecast and projected overs-unders balance.

Table 4.4: Comparison of proposed 2026-27 tariff levels to indicative 2026-27 tariff levels

Tariffs	Tariff component	Change relative to indicative 2026-27 price (2025-26 pricing proposal)
1: Residential Accumulation Meter	SAC ($/NMI/day) Consumption ($/kWh) Demand ($/kVA/month)	-0.3%
2: Non-Residential Accumulation Meter		-0.3%
3a: LV Smart Meter Residential		-0.3%
3b: LV smart meter non-residential		-0.3%
3c. LV smart meter		-0.3%
4: Unmetered		-0.3%
5: LV majors		-0.4%
6: HV smart meters		-0.4%

4.3.2 Comparison to 2025-26 tariffs and bills

When combined with projected demand, total allowable revenue for 2026-27 has the following implications for our network tariffs in 2026-27:

- For a given level of consumption, network bills in 2026-27 are expected to be higher than 2025-26 for customers on 5 of our 7 tariffs.
- This reflects that in 2025-26, tariff levels were significantly reduced to return a large historic over-recovery to customers. 2026-27 tariff levels have now moved back towards the original price path set at the time of the 2024-2029 regulatory determination. This is consistent with the indicative 2026-27 tariffs that were presented in our 2025-26 pricing submission.
- Customers on tariffs 5 and 6, who are not currently subject to the Northern Territory Government's Electricity Pricing Order (**NT Pricing Order**)[10], will see an increase in expected network bills of around 16%. This mirrors the projected change in total allowable revenues.

Table 4.5 sets out the proposed changes in the network bill for SCS between 2024-25, 2025-26 and 2026-27 for typical customers connected to Power and Water's regulated network.[11] The table shows that reverting towards the original 2024-2029 regulatory period price path results in network bill increases for customers on 5 of the 7 tariffs in 2026-27, relative to 2025-26. This is consistent with the expectation set in the 2025-26 tariff proposal.

We note that customers also pay additional ACS charges for one-off services specific to a customer. Our ACS prices have increased by inflation consistent with the AER's methodology (Section 5).

10 Northern Territory Government, Electricity Pricing Order 1 January 2026 - 30 June 2026, 24 December 2025.

11 It should be noted that the impacts highlighted in Table 1.1 do not take into account any potential changes in generation, metering, retail, system control, and market operator charges.

Table 4.5: Change in a typical customer's network bill between 2025-26 and 2026-27* (nominal $, excluding GST)

Tariff	Description	Annual Consumption	Network bill ($)			Network bill impact (FY26-FY27)	
		kWh	2024-25	2025-26	2026-27	$	%
1	Residential accumulation^	8,500	$1,243	$1,896	$1,458	($438)	-23.1%
2	Non-residential accumulation^	30,000	$2,830	$694	$3,170	$2,476	356.6%
3a	Residential 0-160MWh^	8,500	$1,231	$949	$1,458	$509	53.6%
3b	Non-residential 0-160MWh^	30,000	$2,849	$3,255	$3,170	($85)	-2.6%
3c	Smart meter 160-750MWh^	250,000	$25,035	$22,667	$29,154	$6,488	28.6%
5	LV >750MWh	3,200,000	$174,043	$176,766	$204,573	$27,807	15.7%
6	HV Smart Meters	5,400,000	$231,317	$231,310	$268,805	$37,495	16.2%

Note 1 – tariff 4 not included in this table as this tariff is for street lighting and other unmetered installations.
Note 2 – all impacts above excludes ACS metering charges.
Note 3^ – currently the customer has retail price protection under the NT Electricity Pricing Order as set out in next section.

5. Tariffs for alternative control services

ACS are one-off charges for specific customer services. Our proposed prices reflect an adjustment for inflation consistent with the AER's methodology. This means that our prices will only rise by inflation in the 2026-27 financial year.

This chapter explains our 2026-267 ACS charges and the inputs used to calculate them in accordance with the AER's 2024-29 distribution determination. ACS are regulated distribution services we provide specifically to a customer. They include metering and ancillary (one-off) services and are provided on a user pays basis with the charges being recovered from individual customers.

5.1 Key inputs to calculating ACS prices

ACS are subject to a price cap, which is updated annually. There is no under-over recovery in the price cap formula.

In 2025-26 we applied the charge approved and published in the AER's 2024-29 distribution determination. From 2026-27 we will be required to apply a formula updating the previous year's price, considering inflation and the relevant X-factor for each service as outlined in the AER's 2024-29 distribution determination.

Table 5.1 below identifies the key inputs that would usually be used to calculate the annual ACS charges ACS. Attachment C includes the ACS pricing model which demonstrates our compliance with the AER's control mechanism in deriving the 2025-26 prices.

Table 5.1: ACS metering pricing parameters

Terms	Input	Source
Inflation update	3.63%	Consistent with AER prescribed method we have updated inflation forecasts to reflect the value determined by the AER. This inflation update is consistent with that used to determine SCS prices.
X-factor for metering services (Type 1 to 6)	0%	Consistent with AER final decision on page 16 of Attachment 16 (Table 16.10)
X-factor for ancillary network services	-0.96%	Consistent with AER final decision on page 12 of Attachment 16 (Table 16.6)

5.2 ACS metering tariffs

Our metering service provision includes Power and Water performing the following activities:

- Metering coordinator.
- Metering provider including providing, installing, maintaining, inspecting, replacing and testing meters.
- Metering data provider including:
  - meter reading, including scheduled and special meter reads (e.g. move in and move out meter reading, final read on removed meter)
  - data services including collection, processing, management, delivery and storage of metering data.

Table 5.2 sets out the proposed price list for single phase meters, three phase meters, LV current transformer and HV transformer with remote reading meters (i.e. CT and VT meters). Like the SAC charge, the metering charges are applied daily. The daily charge is set out in the ACS pricing model in Attachment C.

Table 5.2: ACS metering service provision for Type 1 to 6 meters - 2026-27 price list (nominal $, excluding GST)

Meter type	Annual charge	Daily charge
1 Phase Meters (including Prepayment)	$144.77	$0.396630
3 Phase Meters	$191.80	$0.525479
LV CT	$765.41	$2.097014
HV	$2,640.79	$7.235041

5.3 Ancillary – quoted services

Quoted services are provided for one-off specific tasks at a customer or retailer request. The cost of quoted services varies and is dependent on the time taken and other costs incurred to complete the task. The charges included for quoted services include labour rates (including overheads), materials, and travel time for the service provider (based on labour rates). **Table 5.3** sets out the proposed price list for 2026-27 for quoted services.

Table 5.3: ACS quoted services - price list in 2026-27 - labour only (nominal $, excluding GST)

Quoted service	Hours	Basis of charging	Price
Internal – Technical	Business hours	$/hour	$259.96
Internal – Administration	Business hours	$/hour	$128.15
Internal – Comms	Business hours	$/hour	$259.96
Internal – Engineering	Business hours	$/hour	$284.76
Internal – Technical	After hours	$/hour	$329.70
Internal – Administration	After hours	$/hour	$224.26
Internal – Comms	After hours	$/hour	$329.70
Internal – Engineering	After hours	$/hour	$393.59

5.4 Ancillary – fee-based services

Ancillary services are fee-based charges. These services are routinely performed and are based on a set rate that includes a labour rate, materials, other and overheads with a set time to perform the task. Table 5.4 sets out the proposed price list for 2026-27 for fee-based services.

Table 5.4: ACS fee-based services - 2026-27 price list (nominal $, excluding GST)

Fee-based service	Basis of charging	Price
Provision of 3 phase service	$/request	$2,848.77
Standard temporary builder's connection	$/request	$1,212.94
Class 1 & 2 PV service	$/request	$194.05
Class 3 PV Assessment	$/request	$2,232.80
Temporary disconnection and reconnection - no dismantling	$/request	$717.12
Temporary disconnection and reconnection - physical dismantling	$/request	$2,250.86
Complex disconnection	$/request	$823.00
Disconnection (and final read)	$/request	$98.87
Reconnection	$/request	$101.42
Reconnection - after hours	$/request	$795.59
Wasted visit fee	$/request	$348.12
Historical data requests	$/request	$192.22
Standing data requests	$/request	$64.07
Customer transfers	$/request	$256.29
Network tariff change request	$/request	$64.07
Installation of minor apparatus	$/request	$852.28
Special meter test	$/request	$602.04
Exchange or replace meter – three phase	$/request	$472.07
Exchange or replace meter – single phase	$/request	$407.07
Relocation of meter	$/request	$628.04
Remove meter	$/request	$628.04
General meter inspection	$/request	$290.09
Special meter read – no appointment	$/request	$67.04
Special meter read – appointment	$/request	$146.22
Meter program change	$/request	$342.07
Install modem on smart ready meter	$/request	$342.07
Prepayment vending charge	$/request	$0.68
Prepayment meter support charge	$/request	$151.34
After hours (non-reconnection) – uplift 1.83 x business hours charge (BHC)	$/request	BHC x 1.83

6. Pricing compliance

This chapter explains how we demonstrate compliance with the pricing principles, and other requirements in the NT NER.

6.1 Pricing principles

The NT NER requires that tariffs comply with the pricing principles. The sections below identify how we meet each pricing principle.[12]

Network pricing objective

Our tariff structures must support the network pricing objective in the pricing principles. Under the objective, the tariffs we charge for direct control services to a retail customer should reflect our efficient costs of providing those services to that retail customer.[13]

Consistent with this objective, we have sought to support the long-term interests of our customers when designing our tariffs. In our approved TSS Explanatory Statement[14], we noted that our tariff strategy seeks to develop tariff structures that reflect the efficient cost of providing these services to each retail customer. At the same time, we sought to manage adverse bill impacts. In the 2019-24 regulatory control period, we made significant inroads into tariff reform by simplifying our tariff structures while moving to more efficient charging parameters. We have continued this tariff reform into our second regulatory control period (2024-29), further refining our tariffs to better represent our customer base while still complying with network pricing objectives.

Pricing within stand-alone and avoidable costs

To comply with the NT NER, Power and Water must demonstrate that expected revenues from customers for a given tariff class are less than the stand alone cost of serving those customers and more than the avoidable cost of not serving those customers – commonly referred to as the 'efficient pricing bounds'.[15]

Our 2024-29 TSS provided the efficient pricing bounds for each tariff class. We have updated the TSS values to reflect the CPI as part of this network pricing proposal. **Table 14** demonstrates that the revenues we expect to recover from each tariff class are within the CPI adjusted efficient pricing bounds previously approved.

12 NT NER 6.18.5.
13 NT NER 6.18.5(a).
14 Power and Water, Revised Tariff Structure Statement – Explanatory Statement, November 2023.
15 NT NER 6.18.5(e).

Table 14 - Stand-alone and avoidable cost ($m, nominal $2025-26)

Revenue and cost measures	Tariff classes		
	LV <750MWh	LV >750MWh	HV
Stand-alone cost	619	80	91
Forecast 2025-26 tariff revenues	141	18	15
Avoidable cost	15	2	2
Compliant	Yes	Yes	Yes

Long run marginal costs (LRMC)

Under the NT NER, each tariff must be based on the long run marginal cost (**LRMC**) of serving those customers, with the method of calculation and its application determined regarding the costs and benefits of that method, the costs of meeting demand from those customers at peak network utilisation times, and customer location.[16]

The AER's 2024-29 distribution determination approved our LRMC estimates. These estimates were based on the average incremental cost approach for the HV and the LV systems. Our LRMC estimation was a two-step process where we first estimated LRMC for the whole of our three regulated networks by voltage level using current available inputs. We then compared these LRMC estimates against other national electricity market (NEM) distribution network service provider's estimates, and against previous estimates used in our 2019-24 network pricing distribution determination. **Table 15** sets out our TSS approved LRMC values for the current regulatory control period (2024-29), which have remained the same from the 2024-25 network pricing proposal.

Table 15 - Long-run marginal cost estimates (real $2024-25)

Tariff class	TSS LRMC estimate $/kVA per month
LV <750MWh	14.3
LV >750MWh	14.3
HV	8.4

Ideally, demand charges should be aligned to the LRMC estimates. However, this is not always possible given customer impacts and allowable side constraints of moving to new tariffs. To assist with moving towards the ideal outcome we calculated a diversified LRMC by tariff in our TSS, which provides a minimum target for each tariff.[17] This involved assessing customer's coincident demand for demand tariffs and power factor for consumption tariffs. The inputs, methodology and outcomes are consistent with Power and Water's approved TSS. **Table 16** shows the diversified LRMC by tariff, compared to the relevant tariffs for 2024-25 and 2025-26.

16 NT NER 6.18.5(f).

17 Power and Water, revised Tariff Structure Statement, 30 November 2023.

Table 16 - Diversified LRMC by tariff (nominal $2025-26)

Tariff	Anytime Energy Charge			Peak Energy Charge			On-Season Demand		
	Diversified LRMC by Tariff	2024-25	2025-26	Diversified LRMC by Tariff	2024-25	2025-26	Diversified LRMC by Tariff	2024-25	2025-26
	¢/kWh	¢/kWh	¢/kWh	¢/kWh	¢/kWh	¢/kWh	$/kVA	$/kVA	$/kVA
Tariff 1: Residential Accumulation Meter	0.50	8.55	6.59	-	-	-	-	-	-
Tariff 2: Non-Residential Accumulation	0.51	1.68	7.58	-	-	-	-	-	-
Tariff 3a: LV Smart Meter Residential	-	-	-	0.50	13.91	19.68	-	-	-
Tariff 3b: LV Smart Meter Non-Residential	-	-	-	0.50	28.01	26.07	-	-	-
Tariff 3c: LV Smart Meter	-	-	-	0.50	26.21	32.71	-	-	-
Tariff 4: Unmetered	0.52	15.80	15.80	-	-	-	-	-	-
Tariff 5: LV Majors	0.50	2.56	2.56	-	-	-	2.91	14.89	16.70
Tariff 6: HV Smart Meters	1.34	2.97	3.44	-	-	-	7.48	7.31	8.84

Reflect total efficient costs and seek to minimise distortion

The NT NER requires that the expected revenue from each tariff must reflect our efficient costs, permit us to recover revenue consistent with the applicable electricity distribution determination, and minimise distortions to efficient price signals.[18]

Overall, our tariffs are set to recover the TAR consistent with the AER's 2024-29 distribution determination, which is set out in section 3.1. The revenue reflects the AER's assessment of our efficient costs, updated for inflation (measured by CPI) and cost of debt.

The pricing principles require us to minimise distortions, which includes considering aligning revenue shares with the cost to serve, and revenue recovery through non-distortionary charging parameters. Our focus is on those customers who see our tariff structures and charges, although we try to adopt these principles across all our tariff classes.

Figure 2 shows that residual cost shares by tariff, while **Figure 3** shows the residual cost recovery by tariff parameter (tariff components) covering 2025-26.

[18] NT NER 6.18.5(g).

Figure 2 - Residual cost recovery share by tariff (2025-26)

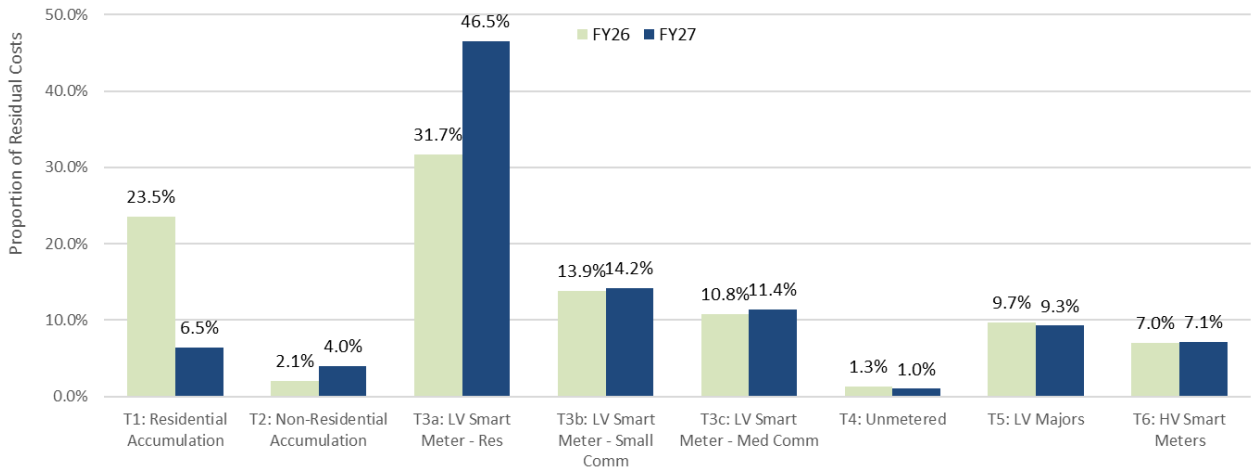
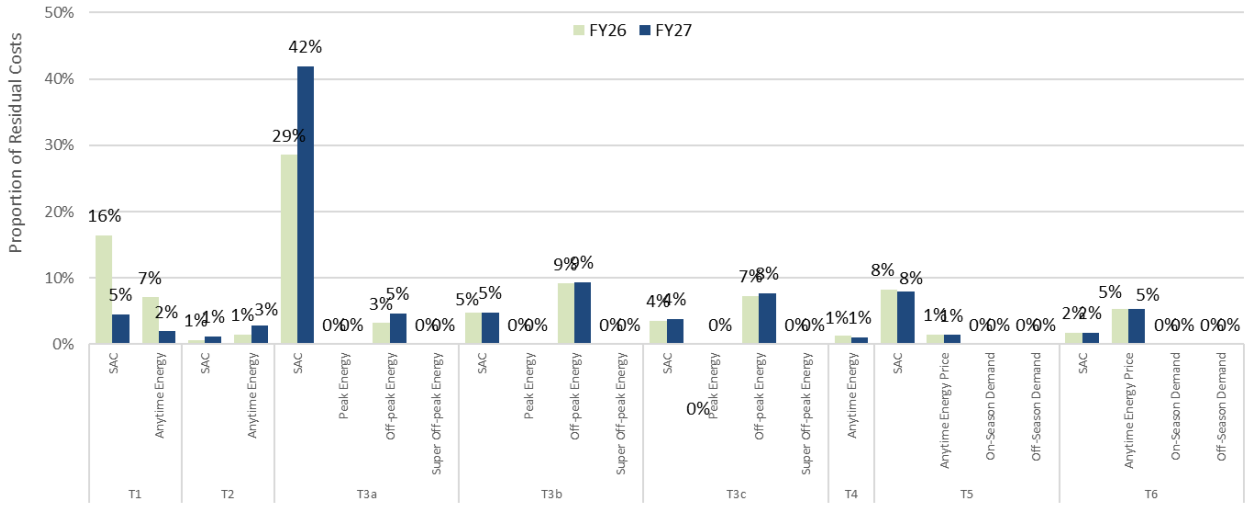


Figure 3 - Residual cost recovery share by tariff parameter (2025-26)



Customer transition and ability to respond

While the NT NER requires us to adopt efficient cost reflective tariffs, it recognises that this may need to occur over a period of transition. Under the pricing principles the design of any transition can have regard to the level of bill impact faced by our customers, the desirability for efficient tariffs, customers' ability to choose tariffs and their ability to respond to pricing changes by modifying their behaviour. [19]

In our first regulatory control period 2019-24 we made significant headway into developing efficient tariffs, which has continued through the current regulatory control period while having regard to potential bill impacts.

Simple to understand

The pricing principles also require that tariff structures be reasonably capable of being understood by retail customers assigned to that tariff.[20]

[19] NT NER. 6.18.5(h).

[20] NT NER 6.18.5(i).

Power and Water's tariffs are simple and easy to understand, particularly when compared to other utilities. Notably, we have simple tariff structures with a flat rate anytime energy for customers on accumulation meters and our major customers (LV above 750MWh and all HV customers) and a three-tier time-of-use energy rates for the smart metered customer below 750MWh annually. Additionally, we have a seasonal peak demand charge for each major customer tariff (with no off-peak demand charging).

Most other networks have significantly more tariff-types. We have also retained simplicity in our tariffs by not having a menu of opt-in tariffs, which helps reduce transaction costs and is unnecessary with NT Pricing Order retail pricing protections.

6.2 Other requirements in the NT NER

This section addresses other relevant NT NER provisions applying to this proposal.

Side constraints

The NT NER requires that we apply side constraints, which restricts movement of revenues within each tariff class from one year to the next.[21] For each regulatory year after the first year of a regulatory control period, side constraints apply to the weighted average revenue raised from each tariff class. The NT NER requires the permissible percentage increase is the greater of CPI–X plus 2% or CPI plus 2% after accounting for other adjustments allowed in the annual TAR formula.[22]

We have calculated the relevant side constraint to apply in 2025-26 in **Table 17**.

Table 17 - Calculation of side constraint for 2025-26

Component	Values
Inflation	3.62%
X-factor	-7.40%
Constraint factor	2.00%
Common base adjustment	113.50%
All adjustment factors	0.65%
Quantities adjustment	13.50%
Constraint	**29.49%**

Table 18 sets out the increased weighted average revenue from each tariff class which is consistent with the side-constraint formula.

[21] While the side constraint forms part of the control mechanism it is discussed here as it impacts on the level of pricing parameters rather than the total revenue requirement.

[22] NT NER, 6.18.6(c).

Table 18 - Weighted expected revenue in 2024-25 and 2025-25 and percentage change

Tariff class	Expected Revenue 2024-25	Expected Revenue 2025-26	% change in revenue
LV <750MWh	$136,199	$176,366	29.49%
LV >750MWh	$17,430	$20,184	15.80%
HV	$15,054	$17,630	17.11%

Variation during the year

The NT NER requires that a network pricing proposal sets out the nature of any variation or adjustment to the tariff that could occur during the regulatory year and the basis on which it could occur.[23] We are not currently aware of any NT Government plans or the potential of any upcoming issues that would require Power and Water to deviate from our proposal. If this occurs, Power and Water will actively engage with our stakeholders.

Tariff variation from 2024-25 to 2025-26

The NT NER requires us to describe the nature and extent of change from the previous regulatory year and demonstrate that the changes comply with the NT NER and any applicable electricity distribution determination.

In this respect we note that our tariff classes, types and tariff structures have remained the same from the previous regulatory year.

Rounding

When reporting on compliance as part of the network pricing proposal process in each year of the regulatory control period, the AER requires that certain calculation inputs be used on an unrounded basis while others may be used on a rounded basis. The process for rounding and the specific inputs to be rounded are detailed in the AER's Final Determination Attachment 14: Appendix D.[24]

We have complied with these requirements.

[23] NT NER 6.18.2(b)(5).

[24] AER 2024-29 Final Determination Attachment 14: Appendix D.