

Statement of Compliance

2026-27 Pricing Proposal

Chapter 1: Introduction

This statement of compliance as well as the standardised SCS and ACS pricing models form Power and Water's pricing proposal for 2026-27. This is an annual pricing proposal that has been submitted at least 3 months before the commencement of the regulatory year.

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

- Power and Water Corporation – 2026-27 Network Pricing Proposal 2026-27 - 31 March 2026 - Confidential
- Power and Water Corporation – 2026-27 Network Pricing proposal 2026-27 - 31 March 2026 - Public
- Att. A - Power and Water Corporation – 2026-27 Statement of Compliance (this document)
- Att. B - Power and Water Corporation - 2026-27 Annual SCS Pricing Model - 31 March 2026 - Public
- Att. C - Power and Water Corporation - 2026-27 Annual ACS Pricing Model - 31 March 2026 - Public
- Att. D - Power and Water Corporation - Internal Annual Pricing Model 2024-29 - 31 March 2026 - Confidential
- Att. E - Power and Water Corporation - 2026-27 Volume Forecast - 31 March 2026 - Confidential

Chapter 2: Demand forecasts

Power and Water has provided quantity forecasts for standard control services in the 'Qty forecasts' sheet of the SCS pricing model.

In comparison to the previous pricing proposal's forecast, the consumption volumes and customer numbers for the current regulatory year are similar.

Power and Water has used data extracted from our new billing systems to forecast consumption volumes and customer numbers for the current regulatory year (2025-26). We have then made adjustments to reflect the anticipated impact of seasonality, the smart meter rollout and new major customer loads. Compared to the previous pricing proposal's forecast for 2025-26, consumption volumes and customer numbers are now projected to be 3.3% and 2.0% higher respectively. Power and Water considers that the billing system data underpinning our demand forecast is robust.

For the upcoming regulatory year (2026-27) until the end of the current regulatory period, we have applied a modest 0.2% p.a. growth rate drawn from Power and Water's Regulated Electricity System Investment Plan (RESIP) – in addition to adjustments related to the smart meter rollout and major customers. Relative to the forecasts included in the previous pricing submission, 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 updated 2025-26 estimated quantities. 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.

Further information is available in Sections 3.2, 3.3 and 3.4 of our 2026-27 Network Pricing Proposal document.

Chapter 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.¹ This is demonstrated in tariff schedule 3 of the SCS pricing model.

All tariffs retain the same charging parameters as the current tariff structure statement.² This is also demonstrated in tariff schedule 3 of the SCS pricing model. Below is a summary of each charging parameter:

Residential charging parameters	Unit	Explanation
System access charge	\$/day/NMI	A daily charge, charged at dollars per day, per NMI.
Anytime energy	\$/kWh	Flat energy rate applied to all energy consumption
Super Off-peak energy	\$/kWh	Rate applied to customers with a smart meter consuming below 750MWh per year, applies: <ul style="list-style-type: none">• 9am to 3pm Monday to Sunday, all year.
Off-peak energy	\$/kWh	Rate applied to customers with a smart meter consuming below 750MWh per year, applies: <ul style="list-style-type: none">• 3pm to 9am Monday to Sunday from 1 April to 30 September, and• 9pm to 9am Monday to Sunday from 1 October to 31 March, and 3pm to 9pm on weekends
Peak energy	\$/kWh	Rate applied to customers with a smart meter consuming below 750MWh per year, applies: <ul style="list-style-type: none">• 3pm to 9pm Monday to Friday (including public holidays) from 1 October to 31 March
On-season demand charge	\$/kVA	Rate applied to customers with a smart meter consuming above 750MWh per year, applies: <ul style="list-style-type: none">• 3pm to 9pm Monday to Friday (including public holidays) from 1 October to 31 March
Off-season demand charge	\$/kVA	Rate applied to customers with a smart meter consuming above 750MWh per year, applies: <ul style="list-style-type: none">• 3pm to 9pm Monday to Friday (including public holidays) from 1 April to 30 September

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.

¹ AER 2024-29 Final Determination, [Attachment 7.1 – Tariff Structure Statement](#), 30 November 2023, Section 2.

² AER 2024-29 Final Determination, [Attachment 7.1 – Tariff Structure Statement](#), 30 November 2023, Section 4.

The expected weighted average revenue raised for each tariff class does not exceed the corresponding expected weighted average revenue for the preceding regulatory year by more than the permissible percentage. This permissible percentage is calculated in accordance with the determination.³ This is demonstrated in compliance table 3 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.

Power and Water will offer the same list of services for metering and ancillary network services as approved in the AER's final determination for alternative control services.⁴ The list of services for metering and fee-based services is provided in the ACS pricing model. Quoted services are provided in line with the approved control mechanism formula⁵ using the applicable labour rates in the ACS pricing model.

3.3 - Tariff variations

We are not anticipating variations or adjustments to our tariff prices, tariff class or charging parameters within the 2026-27 period.

3.4 - Sub-threshold tariffs

Power and Water is not proposing sub-threshold tariffs for the regulatory year.

³ AER 2024-29 Final Determination, [Attachment 14 – Control Mechanisms](#), April 2024, Appendix A.

⁴ AER 2024-29 Final Determination, [Attachment 7.1 – Tariff Structure Statement](#), 30 November 2023, Appendix B.

⁵ AER 2024-29 Final Determination, [Attachment 14 – Control Mechanisms](#), April 2024, Section 14.5.

Chapter 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 and approved as part of Power and Water's approved 2024-29 determination.⁶

The sum of the revenue expected to be recovered from each tariff allows Power and Water to recover the expected revenue for the relevant services in accordance with the distribution. 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 previous pricing proposal.

⁶ AER 2024-29 Final Determination, [Attachment 7.1 – Tariff Structure Statement](#), 30 November 2023, Section 3.2.

Chapter 5: Indicative prices

Revised indicative prices for standard control services tariffs are provided in input table 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 not materially different to the corresponding indicative prices and this is demonstrated in compliance table 6 and 7 of the SCS pricing model.

Chapter 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.⁷

6.2 - Designated pricing proposal charges

Power and Water is not proposing tariffs designed to pass on designated pricing proposal charges.

6.3 - System strength charges

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

6.4 - Jurisdictional scheme amounts

Power and Water is not proposing tariffs designed to pass on jurisdictional scheme amounts because it is not subject to a jurisdictional scheme.

⁷ AER 2024-29 Final Determination, [Attachment 14 – Control Mechanisms](#), April 2024, Appendix B.

Chapter 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.⁸

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

7.2 - Compliance table

Rule reference	Section reference
6.18.2(a)	Chapter 1 - Introduction
6.18.8(a)(3)	Chapter 2 - Demand forecasts
6.18.2(b)(2) 6.18.2(b)(3) 6.18.2(b)(4) 6.18.6 6.18.2(b)(5) 6.18.1C 11.141.8	Chapter 3 - Tariffs
6.18.5(e) 6.18.5(f) 6.18.5(g)(2)	Chapter 4 - Pricing principles
6.18.2(d) 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	Chapter 6 - Tariff components

⁸ AER 2024-29 Final Determination, [Attachment 7.1 – Tariff Structure Statement](#), 30 November 2023, Section 5.

6.18.7A	
6.18.3	Chapter 7 - Compliance
6.18.4	
6.18.2(b)(7)	
6.18.2(b)(8)	

I, Djuna Pollard – Chief Executive Officer, confirm that the above statements are true and correct.

[Redacted signature]

[signature]

31.3.2026

[date]