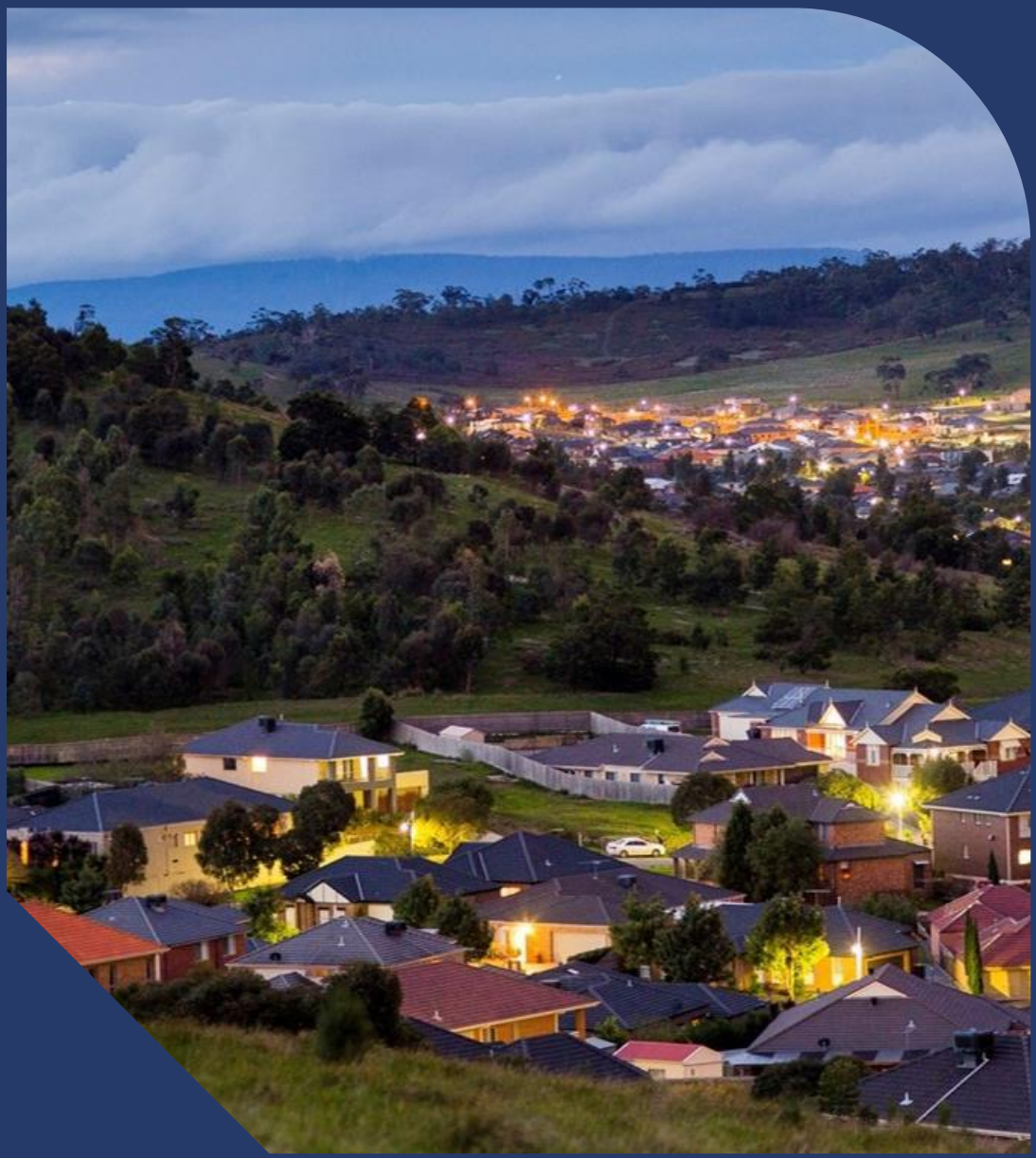
AusNet

Statement of compliance 2026-27

Thursday, 7 May 2026



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1. Introduction

This statement of compliance as well as the standardised SCS and ACS pricing models form AusNet's pricing proposal for 2026-27. This is an initial pricing proposal that has been submitted within 15 business days after publication of the distribution determination.

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

- Cover letter – confidential and public versions;
- AusNet's pricing proposal 2026-27;
- 2026-27 SCS pricing model – confidential and public versions;
- 2026-27 - ACS pricing model – public version;
- Schedule of tariffs;
- Alternative control service charges;
- Prescribed metering charges;
- Public lighting charges;
- Confidentiality template;
- Statement of compliance (this document) – confidential and public versions; and
- Supporting information

2. Demand forecasts

AusNet 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 to the previous pricing proposal's forecast for 2025-26.

AusNet is forecasting an increase in energy consumption volumes and customer numbers. The overall increase in energy consumption is primarily driven by strong forecast growth in residential customers numbers and increasing evidence of higher consumption per customer, likely driven by the electrification of gas and transport. These increases in demand are partly offset by the continued increase in solar uptake which reduces energy consumed from the grid during sunlight hours. The forecast increase is reflective of the weather normalised increase in actual consumption recorded over the last two years – that is, the 2026-27 consumption forecasts builds on the strong growth in electricity consumption observed in recent actual data.

The forecasting methodology for 2026-27 is the same as that applied in the previous year. The forecast uses historical billed customer numbers and volumes by tariff from AusNet's billing system, along with historical weather data. The forecast was produced using the Python Darts Library, incorporating an exponential smoothing model and a timeseries forecasting model.

Based on the first six months of actual billed data consumption in 2025-26 (July to December 2025) and the remaining six months of the 2025-26 forecast, AusNet is estimating that the 2025-26 actual consumption will be within 0.1% of the 2025-26 forecast used in previous pricing proposal. This provides a level of confidence in the forecasting methodology and associated growth in forecast 2026-27 consumption, compared the 2025-26 full year estimate.

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 within the same tariff class as the current tariff structure statement.[1] This is also demonstrated in tariff schedule 2 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 2 of the SCS pricing model. Below is a summary of each charging parameter:

Tariff(s)	Charging parameter	Unit	Explanation
NEE11, NEE11S, NEE12, NEE12S	Standing charge Inclining block 1 Inclining block 2	$/yr c/kWh c/kWh	 1020 kWh/qtr kWh balance
NEE16	Standing charge Inclining block 1 Inclining block 2 Dedicated circuit	$/yr c/kWh c/kWh c/kWh	 1020 kWh/qtr kWh balance 11:00pm to 7:00am Monday to Sunday
NEE17	Standing charge Inclining block 1 Inclining block 2 Dedicated circuit	$/yr c/kWh c/kWh c/kWh	 1020 kWh/qtr kWh balance 11:00pm to 7:00am and 1:00pm to 4:00pm Monday to Sunday
NEE18	Standing charge Inclining block 1 Inclining block 2 Dedicated circuit	$/yr c/kWh c/kWh c/kWh	 1020 kWh/qtr kWh balance 6 or 8hrs between 8:00pm to 8:00am Monday to Sunday
NEE19	Standing charge Inclining block 1 Inclining block 2 Dedicated circuit	$/yr c/kWh c/kWh c/kWh	 1020 kWh/qtr kWh balance 12:00am to 12:00am Monday to Sunday
NASN21, NASN2S	Standing charge Peak Off peak Demand	$/yr c/kWh c/kWh $/kW/mth	 7:00am to 11:00pm Monday to Friday All other times 3:00pm to 9:00pm ADST Monday to Friday. Peak season – December to March, Off peak season – All other months
NAST17	Standing charge Solar soak Peak Off peak Dedicated circuit	$/yr c/kWh c/kWh c/kWh c/kWh	 11:00 AM to 4:00 PM Monday to Sunday* 4:00 PM to 9:00 PM Monday to Sunday* All other times* 12:00 AM to 12:00 AM Monday to Sunday
NASS11, NASS11S	Standing charge Solar soak	$/yr c/kWh	 11:00 AM to 4:00 PM Monday to Sunday*

[1] AusNet's Revised Tariff Structure Statement 2026-31, section 2.2
[2] AusNet's Revised Tariff Structure Statement 2026-31, section 4.2.1 and associated Appendix E

	Peak Off peak	c/kWh c/kWh	4:00 PM to 9:00 PM Monday to Sunday* All other times*
RCER11	Standing charge Solar soak Export charge Peak Export reward Off peak	$/yr c/kWh c/kWh c/kWh c/kWh c/kWh	 11:00 AM to 4:00 PM Monday to Sunday* 11:00 AM to 4:00 PM Monday to Sunday*^ 4:00 PM to 9:00 PM Monday to Sunday* 4:00 PM to 9:00 PM Monday to Sunday* All other times*
NEE52	Standing charge Peak Off peak	$/yr c/kWh c/kWh	 7:00am to 11:00pm Monday to Friday All other times
NEE24	Standing charge Peak Off peak	$/yr c/kWh c/kWh	 8:00am to 8:00pm Monday to Friday All other times
NSP20, NSP23, NSP21, NSP27, SSP27, NSP55	Standing charge Summer peak Summer shoulder Winter peak Off peak	$/yr c/kWh c/kWh c/kWh c/kWh	 2:00pm to 6:00pm Monday to Friday, December to March 12:00pm to 2:00pm and 6:00pm to 8:00pm Monday to Friday, December to March 4:00pm to 8:00pm Monday to Friday, June to August All other times
NEE30	Standing charge Dedicated circuit	$/yr c/kWh	 11:00pm to 7:00am Monday to Sunday
NEE31	Standing charge Dedicated circuit	$/yr c/kWh	 11:00pm to 7:00am and 1:00pm to 4:00pm Monday to Sunday
NEE32	Standing charge	$/yr c/kWh	 6 or 8hrs between 8:00pm to 8:00am Monday to Sunday
NEE33	Standing charge Dedicated circuit	$/yr c/kWh	 12:00am to 12:00am Monday to Sunday
NEE55	Standing charge Peak Off peak	$/yr c/kWh c/kWh	 1 May to 30 September All other times
NEN56, NSP75, NSP76, NSP77, NSP78, NSP82, NSP83, NAT75	Standing charge Peak Shoulder Off peak Capacity Critical peak demand	$/yr c/kWh c/kWh c/kWh $/kVA/yr $/kVA/yr	 7:00am to 10:00am and 4:00pm to 11:00pm Monday to Friday 10:00am to 4:00pm Monday to Friday All other times Fixed value Average of up to five recorded between 3:00pm to 7:00pm ADST on five days nominated in advance
NSP81, NSP91, NSP94, NSP95, NAL84, NAL96, STSS	Standing charge Peak Off peak Capacity Critical peak demand	$/yr c/kWh c/kWh $/kVA/yr $/kVA/yr	 7:00am to 11:00pm Monday to Friday All other times Fixed value Average of up to five recorded between 3:00pm to 7:00pm ADST on five days nominated in advance
NASN12, NASN12S, NASN19	Standing charge Anytime Monthly demand	$/yr c/kWh $/kW/mth	 All energy 3:00pm to 9:00pm ADST Monday to Friday. Peak season – December to March, Off peak season – All other months
NAST12, NAST12S	Standing charge Peak	$/yr c/kWh	 9:00am to 9:00pm Monday to Friday (local time)

	Off peak	c/kWh	All other times
NSP56, NAT56			
	Standing charge	$/yr	
	Peak	c/kWh	4:00pm to 9:00pm Monday to Friday
	Shoulder	c/kWh	10:00am to 4:00pm Monday to Friday
	Off peak	c/kWh	All other times
	Capacity	$/kVA/yr	Fixed value
	Critical peak demand	$/kVA/yr	Average of five recorded between 3:00pm to 7:00pm ADST on five days nominated in advance

* Based on local time
^ Includes a BEL of 1 kWh per day

The expected weighted average revenue for each tariff class for the current and forecast years is demonstrated in output table 5 of the SCS pricing model.

3.2. Alternative control services

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

AusNet will offer the same list of services for metering, public lighting, and ancillary network services as approved in the AER's final determination for alternative control services.[3] The list of services for metering, public lighting, and fee-based services is provided in the ACS pricing model. Quoted services are provided in line with the approved control mechanism formula[4] 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 year.

3.4. Sub-threshold tariffs

AusNet is proposing six sub-threshold tariffs for the regulatory year. These are:

- EV Dynamic, introduced in 2023-24;
- Utility energy storge system (HV), introduced in 2024-25;
- Utility energy storge system (Sub-Tx), introduced in 2024-25;
- Neighbourhood storage tariff (medium), introduced in 2024-25;
- Neighbourhood storage tariff (large), introduced in 2024-25; and
- EV kerbside charging tariff, introduced in 2026-27.

AusNet has notified the AER of these sub-threshold tariffs no later than four months before the start of a regulatory year. These are available on the AER website.

[3] AER - Attachment 14 - Alternative control services - Final decision - AusNet Services Distribution determination 2026-31 - April 2026
[4] AER - Attachment 14 - Alternative control services - Final decision - AusNet Services Distribution determination 2026-31 - April 2026, section 4.1.1

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

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.

AusNet considers that the future costs driven by customers mainly relate to designing a network to cater for prospective customers' coincident peak demands. Therefore, the lower bound of the avoidable costs of not serving retail customers is based on AusNet's estimated long-run marginal costs that is applied (at each voltage level) to the historical peak demands recorded of a selected group of customers.

For the upper bound, AusNet adopted an approach which considers the potential for an individual customer to bypass our network, avoiding paying distribution network and retail costs, and seek alternative supply. For large customers, the alternative is assumed to be connecting to the transmission network, and the costs of transmission network costs are estimated. For small customers, the cost of installing, operating and maintaining a stand-alone power system is estimated.

The sum of the revenue expected to be recovered from each tariff allows AusNet to recover the expected revenue for the relevant services in accordance with the determination. This is demonstrated in compliance table 1 of the SCS pricing model.

Each tariff is based on the long-run marginal cost of providing the service to which it relates to the retail customers assigned to that tariff. The long-run marginal cost estimates are unchanged from the current tariff structure statement.

5. Indicative prices

Revised indicative prices for standard control services tariffs are provided in input 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 materially different to the corresponding indicative prices and this is demonstrated in compliance table 6 and 7 of the SCS pricing model. Brief notes have been written in column AC of the 'Price comp. ind.' sheet explaining the reasons for the difference. Furthermore, we explain below in greater detail the source(s) for the material differences between the proposed tariff prices and their corresponding indicative prices.

Regarding NAST17, the proposed tariff prices have been updated to align with the prevailing Time-of-Use (TOU) structures applied across comparable customer segments, consistent with the approach adopted for dedicated circuit tariffs in the 2021-26 regulatory control period (e.g. NASS11 and NASS11S – refer Input Table 21, rows 11-12). This alignment was not fully reflected in the indicative tariffs, resulting in a structural difference between the proposed and indicative tariffs.

Regarding the differences across several industrial tariffs, these are due to increases in Designated Pricing Proposal Costs (DPPC), notably the TUOS charges levied on AusNet by VicGrid (refer Input Table 5). Customers within these tariff classes typically have greater exposure to TUOS charges relative to other tariff classes, via a larger proportion of their NUOS prices being derived from TUOS (refer Calculation Table 11). This resulted in a higher pass-through of the increase in VicGrid charges, relative to the average tariff movement.

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.[5]

To ensure Retailer of Last Resort (RoLR) amounts can be recovered accurately via the over or under recovery mechanism, AusNet's approach to determine under-recovered DUoS amounts is based off the unpaid network bills that we send to the retailer. The network bills provide a line-by-line record of the charges relating to each customer, including charge type, total charges and transaction date. For network tariffs charges, the total network use of system charges is broken down into distribution use of system charges, designated pricing proposal charges, and jurisdictional scheme charges using the tariff component splits from each tariff from the relevant regulatory year. Each component is then summed, and the total for each component is used as RoLR inputs.

In accordance with section 3.15 of AusNet's 2026-31 TSS and the AER's final decision for the TSS 2026-31 regulatory control period, a portion of the load from storage facilities providing network support services may be exempted from network tariff charges. Any unrecovered revenue as a result of tariff exemption may be recovered via the applicable price control mechanism in the annual pricing proposal process. The revenue amounts applicable for distribution use of system charges, designated pricing proposal charges, and jurisdictional charges are calculated using the applicable tariff prices from each respective components and are inserted under the standard tariffs sections against a rebate component in the Annual SCS pricing model.

6.2. Designated pricing proposal charges

Tariffs designed to pass on designated pricing proposal charges are available in the 'Tariff schedule' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of designated pricing proposal charges adjusted for over or under recovery. This is demonstrated in output table 6 of the SCS pricing model.

The over or under recovery amount is calculated in a manner consistent with the AER's final decision for control mechanisms[6] and is compliant with the NER.

AusNet applies the following approach when calculating DPPC amounts:

- AEMO/VicGrid transmission charges and avoided TUOS payments are based on actuals.
- Transmission connection charges are based on best estimates provided by AusNet (Transmission) which will be updated in the 2027-28 annual pricing process.
- Cross boundary charges are based on best estimates using recent cross boundary invoices. These amounts will be updated in the 2027-28 annual pricing process to reflect all invoices paid for the 2026-27 regulatory year.

[5] AER - Attachment 12 - Control mechanisms - Final decision - AusNet Services, Jemena, CitiPower, Powercor and United Energy Distribution determinations 2026-31 - April 2026

[6] AER - Attachment 12 - Control mechanisms - Final decision - AusNet Services, Jemena, CitiPower, Powercor and United Energy Distribution determinations 2026-31 - April 2026

6.3. System strength charges

AusNet is planning to pass through system strength charges for system strength connection points for the 2026-27 period.

For a customer who connects to AusNet's distribution network and elects to pay the system strength charge associated with their system strength connection point, AusNet will, upon receipt of the system strength charge from the System Strength Services Provider (AEMO), pass the charge through to the customer.

6.4. Jurisdictional scheme amounts

AusNet's jurisdictional schemes have not been amended since the last jurisdictional scheme approval date.

Tariffs designed to pass on jurisdictional scheme amounts are available in the 'Tariff schedule' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of jurisdictional scheme amounts adjusted for over or under recovery. This is demonstrated in output table 6 of the SCS pricing model.

The over or under recovery amount is calculated in a manner consistent with the AER's final decision for control mechanisms[7] and is compliant with the NER.

The Essential Services Commission (ESC) licence fee and Energy Safe Victoria (ESV) levy are treated as jurisdictional scheme amounts. The forecast ESV levy is based on escalation determined by the Minister for Energy and Resources, Climate Action and the State Electricity Commission. Once invoices for the regulatory period are received, these forecasts are updated with actual ESV levy and ESC licence fee amounts in future pricing models. The ESC licence fee for the 2026–27 regulatory year has been estimated based on the 2025-26 fee, escalated by the same amount as the ESV levy.

7. Compliance

7.1. Compliance with the determination

We confirm that our tariff assignment policy[8] 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.

We also confirm that we are complying with the TSS where we have made a commitment to discount the residential ToU tariff relative to our single-rate tariff, by one per cent per year, to be ten per cent cheaper relative to our single-rate tariff by 2026-31.

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

[7] AER - Attachment 12 - Control mechanisms - Final decision - AusNet Services, Jemena, CitiPower, Powercor and United Energy Distribution determinations 2026-31 - April 2026

[8] AusNet's Revised Tariff Structure Statement 2026-31, Appendix A

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 6.18.7A	Chapter 6 - Tariff components
6.18.3 6.18.4 6.18.2(b)(7) 6.18.2(b)(8)	Chapter 7 - Compliance

I, Nick Cimdins, Senior Manager, Energy Transition Policy, confirm that the above statements are true and correct.

[signature]

07/05/2026

[date]

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