

**STATEMENT OF REASONS**

**Essential Energy New South Wales electricity distribution network**

**Approval of 2014–15 pricing proposal**

The Australian Energy Regulator has approved Essential Energy’s annual pricing proposal.

The annual pricing proposal outlines the network tariffs and alternative control service charges that will apply from 1 July 2014 to 30 June 2015.

We assessed the annual pricing proposal for compliance with the price control mechanisms set out in Essential Energy’s 2014–15 placeholder distribution determination (placeholder distribution determination) and with section 6.18 of the National Electricity Rules (the rules). The typical household *retail bill* decrease is, all things equal, anticipated to be minus 4 per cent as a consequence of this decision.

The reasons for approving Essential Energy’s annual pricing proposal are that:

* We are satisfied that the proposed network tariffs have been calculated using the approved annual revenue requirement (as per section 1.14 of the placeholder distribution determination) and based on reasonable quantity forecasts. Furthermore, the proposed network tariffs comply with the relevant pricing principles set out in the distribution pricing rules.
* Essential Energy have proposed alternative control service charges which the AER approved in the placeholder distribution determination.

The approved 2014–15 network tariffs and alternative control service charges can be found in the following documents found on our website:

* Network tariffs –*Essential Energy Approved Revised Price List & Explanatory Notes 2014-15*
* Alternative control service charges
  + *Approved Charges for Public Lighting Services*
  + *Approved Price Schedule for Miscellaneous, ERW and Monopoly Fees*