

21 May 2021

Mr Warwick Anderson
GM Network Pricing
Australian Energy Regulator
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Dear Warwick

2021-22 ELECTRICITY PRICING PROPOSAL SUBMISSION

Please find enclosed the pricing proposal submission for AusNet Electricity Services Pty Ltd (**AusNet Services**) electricity network customers for the period from 1 July 2021 to 30 June 2022.

AusNet Services' tariffs and charges reflect the Australian Energy Regulator's (**AER**) Final Determination and Tariff Structure Statement for AusNet Services' 1 July 2021 – 30 June 2026 regulatory period, which was published on 30th April 2021.

Distribution charges from 1 July 2021 are estimated to decline by an average of 1.3%, while overall network charges (incorporating distribution, transmission and jurisdictional schemes) are expected to decline by an average of 0.6% compared to the 2020 calendar year. We note that customers received material reductions in distribution charges in the first 6 months of 2021 compared to calendar year 2020 (-8.5%), due to arrangements put in place to transition the Victorian distribution businesses from calendar to financial regulatory years.

The change in distribution charges from 1 July 2021 is driven by the AER's Final Determination for 2022-26 and the recovery of costs associated with the 2019-20 bushfires¹, offset by a penalty for poor reliability performance in the 2019 calendar year (-\$5.7m) and handing back revenue recovered above our revenue cap in prior years, partly due to COVID lockdowns (-\$27m). We have also subtracted revenues that were waived under our COVID relief package, which offered bill relief to residential and small business customers severely impacted by the COVID lockdowns, honouring our commitment not to recover the assistance provided from the rest of the customer base.

The attached documentation is listed in the Appendix. Should you have any queries on the attached material, please do not hesitate to contact Edwin Chan on [REDACTED] or by email at [REDACTED].

Yours sincerely

[REDACTED]
Tom Hallam
General Manager Regulation
AusNet Services

¹ <https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/cost-pass-throughs/ausnet-services-cost-pass-through-2019-20-bushfire-natural-disaster/decision>

Appendix: Attachments to the Proposal

The components that accompany this letter include:

- Annual Pricing Proposal (pdf and word versions);
- SCS Tariff Approval Model (confidential and public versions);
- ACS Tariff Approval Model;
- Schedule of Tariffs;
- Alternative Control Services Charges;
- Prescribed Metering Charges;
- Public Lighting Excluded Service Charges;
- Energy Forecasting Methodology Overview;
- LRMC and Avoidable Cost Model;
- Stand Alone Cost Model;
- Confidentiality Template; and
- Supporting information.