AMENDMENT TO AUSGRID'S REVISED TARIFF STRUCTURE STATEMENT

1.1 Rationale for amending the TSS

We have engaged in the second round of consultation with retailers on implementing our revised TSS. We also considered retailers' submissions on our revised proposal and their concerns about the speed of the network tariff reform and potential customer impacts. Our proposed amendments respond to these concerns.

To address retailers' concerns and to allow additional time to implement the proposed reassignment of existing customers with smart (Type 4 with COMMS) meters, we propose to delay the reassignment of existing customers to 1 September 2019.

- Retailers are already configuring their systems to implement residential/small business demand tariffs for new customers and meter replacements and upgrades, from 1 July 2019

- Postponing reassignment of existing customers with smart meters until 1 September 2019 would allow adequate time to communicate the changes

- Workloads of call centres would be more manageable with the staged approach of implementing changes for existing customers (from 1 September in batches)

- Initial customer impacts would also be alleviated by reassignment of existing customers in low season when there is no peak energy charge and a low demand charge applies.

The second reason to seek amendment is to extend the transitional tariffs EA316 and EA317 for small and medium business customers into the 2019-24 regulatory period.

1.2 Summary of the proposed amendments

To enable this staged approach to reassignment of existing customers with smart (Type 4 COMMS) meters, 4 existing FY19 tariffs which were excluded from the revised TSS, would need to be reintroduced. Otherwise, delaying reassignment of some customers past 1 July 2019 would not be possible as there would be no price for these customers from 1 July.

Reinstated tariffs

The tariffs to be included in the amended revised TSS are:

- **EA011** residential transitional TOU

- **EA051** small business transitional TOU

- **EA316** transitional 40-160 MWh, and

- **EA317** transitional 160-750 MWh

Price paths on reinstated tariffs

It is proposed that FY20 prices for these 4 tariffs will stay constant in nominal (2018-19) terms - ie, there is no change in price for customers on these tariffs on 1 July 2019.

Time progression of these 4 tariffs is intended to be as follows:

- Tariffs EA011 and EA051 are reintroduced only for FY20 and will be phased out from FY21. Customers will be reassigned directly to TOU or demand tariffs in FY20, with transition having been completed and tariffs retired.
- Tariffs EA316 and EA317 will be continued for the whole period 2019-24, following the original intention for these tariff in the 2017 TSS.
- EA316 prices would increase to bridge the gap with EA302; EA317 would move towards EA305.

The original intention of these transitional tariffs was to help transition >40MWh customers that overgrew the small business TOU EA225 tariff but were difficult to reassign because of high customer impacts, to an appropriate tariff with capacity charge.

In order to achieve that, both fixed charge and capacity charge would increase, subject to capping the average bill increase at 10 % pa. Customers from the transitional tariffs will be reassigned to EA302 and EA305 as soon as they are capable of transition. This is to ensure that progressively more customers with similar connection types and load characteristics are treated in a similar way.

For the purposes of the amended revised TSS, it is proposed to populate the reinstated tariffs with zero quantities, so that all other indicative prices are not affected.

Annual pricing proposal will update the quantity forecasts including those for the reinstated tariffs, revenues based on the AER's final decision, and all prices.

1.3 Providing an amended revised TSS

We will provide the AER with the replacement revised TSS which contains the full list of tariffs as outlined above. We will provide a track changes and a clean version of the amended revised TSS.