



Ref: 20190521CW:JC

21 May 2019

Mr Chris Pattas
General Manager Distribution
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Mr Pattas

Essential Energy's 2019-20 Pricing Proposal

I am pleased to provide Essential Energy's 2019-20 Pricing Proposal (pricing proposal) to the Australian Energy Regulator (AER) and advise that it complies with the terms of the AER's 2019-24 Final Determination for Essential Energy ("the Determination").

The pricing proposal has been prepared in accordance with the requirements of Chapter 6 of the National Electricity Rules (NER) which establishes a process of price notification and review by the AER for annual price changes. The pricing proposal also follows the structures detailed in the Determination – Tariff Structure Statement (TSS). The Indicative Pricing Schedule contained in the TSS has been updated for each tariff component due to:

- a higher allowed revenue for 2019-20 than estimated;
- an increase in transmission use of system (TUoS) pass through costs for 2019-20; and
- a reduction in the Climate Change Fund (CCF) contribution for 2019-20.

Essential Energy is also proposing to delay the revenue earned from the Service Target Performance Incentive Scheme (STPIS) in 2017-18, for one year as per Clause 2.5(d) of the STPIS Guideline 2018. The business is forecasting an unfavourable STPIS outcome for 2018-19 (to be applied to prices in 2020-21). Combining the STPIS revenue outcomes for 2017-18 and 2018-19, would reduce price variations for customers. Please refer to Attachment 8 for further detail on STPIS outcomes.

The table below contains a list of the required documents as part of this pricing proposal. We have also indicated which of these items are confidential, as allowed under the NER.

Attachment	Description	Public/Confidential
1	Network price change model for 2019-20 in the form of a revenue cap	Confidential – this includes cost reflective network prices for individual large customers
2	Proposed public lighting prices for 2019-20	Public
3	Proposed schedule of Ancillary Network Services for 2019-20	Public
4	Proposed schedule of Metering Services for 2019-20	Public

Attachment	Description	Public/Confidential
5	2019-20 Pricelist and explanatory notes for distribution charges, TUoS, CCF and Queensland Solar Scheme – a similar pricelist for network charges will be notified to retailers and customers once approved	Public
6	2019-20 Annual Network Pricing Report	Public
7	Indicative Pricing Schedule for 2020-24	Public
8	FINAL Essential Energy STPIS compliance model 2017-18	Public

We would be pleased to meet with the AER to discuss this pricing proposal in more detail, if required. If you have any questions in relation to this submission, please contact Natalie Lindsay on (02) 6589 8419 or Catherine Waddell on (02) 6338 3553. Alternatively, I can be contacted on (02) 6589 8333.

Yours sincerely



John Cleland
Chief Executive Officer