

# Statement of Expected

May 2015

# Price Trends

## Essential Energy Network 2015-2019

### EXPECTED NETWORK PRICE INCREASES 2015-16 TO 2016-17

From 2015/16 to 2016/17, Essential Energy's price changes will be subject to the distribution and transmission X – factors as shown below in Figure 1. These increases apply to the weighted average change in distribution and transmission revenue, not to individual tariffs or customers.

The distribution X – factors form part of the Australian Energy Regulator's Essential Energy distribution determination 2015-16 to 2018-19 and drive annual escalations under a revenue cap. Recovery for CPI is also allowed under the revenue cap and is additional to the X factor price increases shown. Network price changes will also be subject to AER approved increases in transmission charges from TransGrid and other transmission providers, as well as the NSW Government's Climate Change Fund levy and Queensland Solar Scheme recovery.

**Figure 1 Transmission and distribution X factors for Essential Energy**

X – factors	2015-16	2016-17	2017-18	2018-19
Distribution	31.09%	-0.50%	-1.00%	-1.50%
Transmission	15.11%	3.00%	3.00%	0.00%

We have not included any changes to either the Climate Change Fund or Queensland Solar Scheme.

### INTENDED USE

This statement is provided to give an estimate of how prices (and the charging parameters of those prices) are expected to change over the regulatory control period. Accordingly Figures 2 and 3 below provide customers with an indication of the expected movements of tariff classes and tariff components relative to the approved increases shown above. The forecasts of CPI, the Climate Change Fund, Queensland solar scheme recovery and recoveries of transmission related costs are likely to change over the regulatory control period and cannot be determined with certainty. Distribution X-factors may also change if a "pass through" event is triggered during 2015-16 to 2016-17.

**Figure 2 Expected average network prices 2015-16 to 2018-19 (\$2015-16, cents per kWh, excluding GST)**

Tariff class	2015-16	2016-17	2017-18	2018-19
Low voltage - Energy	13.33	13.30	13.33	13.49
Low voltage - Demand	10.07	10.03	10.02	10.12
High voltage - Demand	7.40	7.36	7.35	7.42
Subtransmission	2.61	2.55	2.50	2.51
Unmetered supply	8.44	8.40	8.38	8.47
Total average	9.96	9.92	9.92	10.02

**Figure 3 Expected annual average network price percentage increase (\$2015-16, excluding GST)**

<b>Tariff class</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Low voltage - Energy	-0.21%	0.20%	1.17%
Low voltage - Demand	-0.45%	-0.10%	1.01%
High voltage - Demand	-0.54%	-0.21%	0.93%
Subtransmission	-2.09%	-1.96%	0.31%
Unmetered supply	-0.49%	-0.15%	0.97%
Total average	-0.38%	0.00%	1.07%