



# Attachment 11.01

Tariff structure statement

31 January 2023

PowerWater

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# Abbreviations

The following table provides a list of abbreviations and acronyms used throughout this document. Defined terms are identified in this document by capitals.

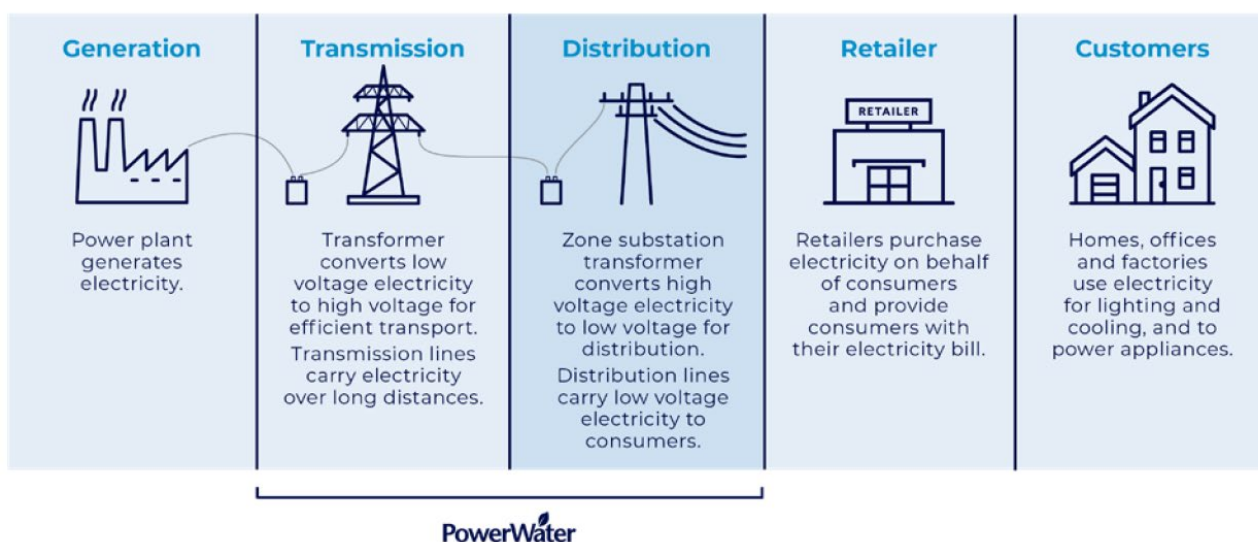
Term	Definition
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
B2B	Business to Business
CT	Current Transformer
F&A	Framework and Approach
HV	High Voltage
LRMC	Long Run Marginal Cost
LV	Low Voltage
MWh	Megawatt hours
NEL	National Electricity Law
NER	National Electricity Rules
NMI	National Metering Identifier
NPV	Net Present Value
NT	Northern Territory
pa	Per Annum
TSS	Tariff Structure Statement
VT	Voltage Transformer

# 1. Overview

## About Power and Water

We are the essential service provider in the Northern Territory (NT) providing electricity, gas, water and sewerage services. Our services three separate regulated networks, as can be seen below in Figure 1.1. We provide electricity services to more than 90 communities in the NT over a landmass of 1.3 million square kilometres. Our regulated networks in Darwin-Katherine, Alice Springs, and Tennant Creek transport electricity to approximately 73,000 residential customers and 11,000 businesses. Each of our networks are unique, operating under different designs and environments. We are responsible for the transmission and distribution networks as seen in below.

Figure 1.1: Our role in the NT electricity system

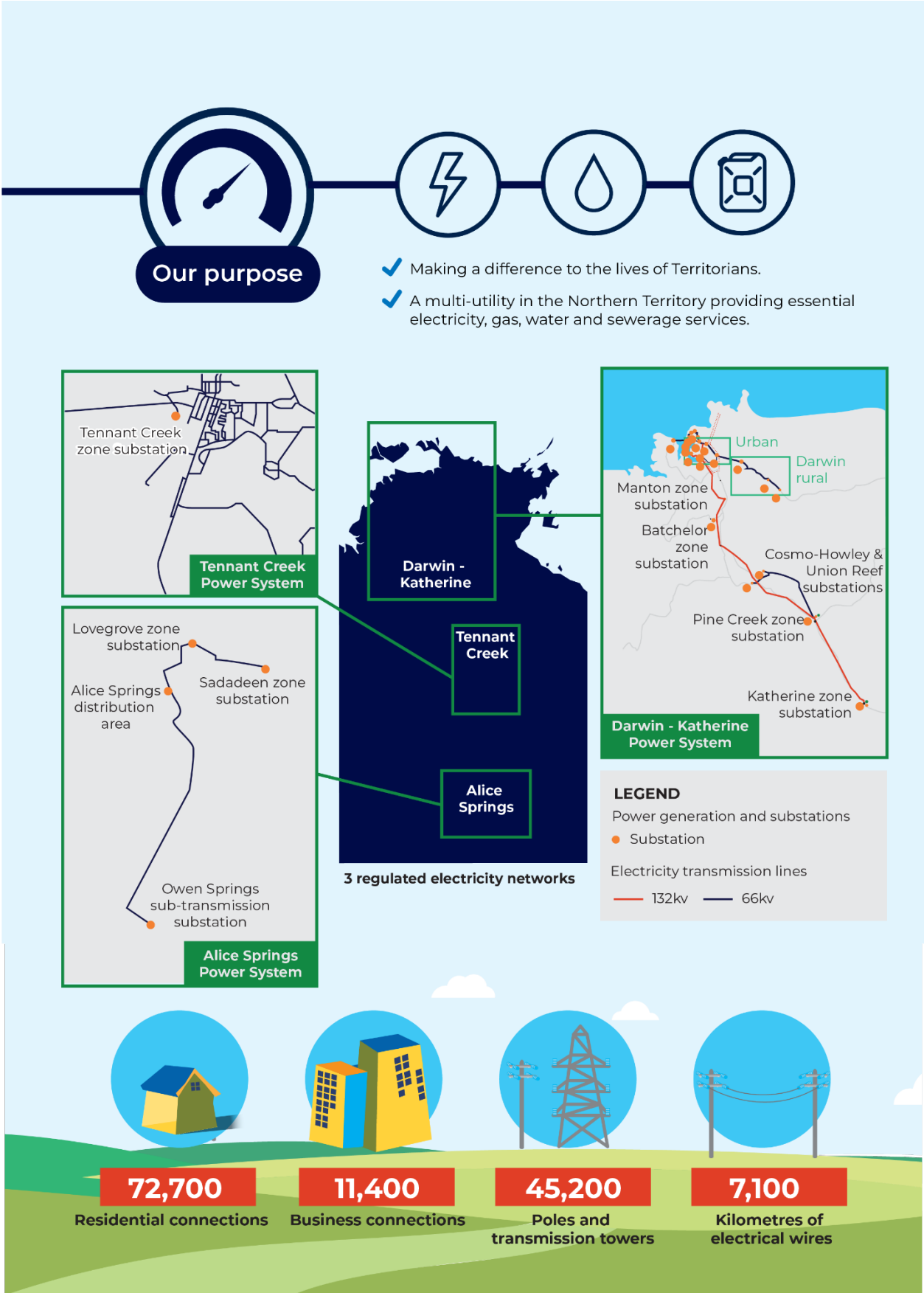


Despite having the smallest population of any of the Australian states and territories, the NT is a large landmass with a widely dispersed population. This results in a diseconomy of scale and relative disadvantage compared to other networks in Australia, exacerbated by resourcing constraints. In addition, We operate in difficult environments subject to extreme heat and weather events that place further pressure on service delivery. Our networks are facing disruptive and fast paced change driven by global and local factors including climate change, electrification of transport, ageing network assets and a growing economy. Our functions and cost structures will change dramatically over the next 20 years.

Until recently, all electricity was generated at large scale gas power plants. Over the last decade, we have seen more of our customers produce solar and use our network to export the power to other customers. We have also seen more large-scale solar farms connect to our network, a trend that will further accelerate with the NT Government's policy to have 50 per cent of electricity supplied by renewables by 2030.

NT retailers have the primary relationship with customers, managing the electricity bill and organising connection. However, decisions made by us can directly impact on this relationship, particularly in terms of costs. Among those decisions are the determination and calculation of tariff policies, procedures and pricing.

Figure 1.2: Snapshot of our networks



# Purpose and Scope

## What our proposed Tariff Structure Statement covers

This Tariff Structure Statement (**TSS**) outlines our proposed network tariffs for the regulatory control period commencing 1 July 2024 and running to 30 June 2029 (the 2024-29 period).

We need to ensure that our network tariffs reflect our efficient costs of providing distribution services to our customers. This means that we must transition to cost reflective tariffs and in doing so take into consideration the impacts on our customers.

Our proposed TSS aims to provide our customers and retailers with certainty and transparency in relation to how and when network tariffs will change and allows our customers to make more informed decisions about their energy production and use. Our TSS is also important as it informs customer choices by:

- Providing better price signals through tariffs to retailers which reflect what it costs to use electricity at different times.
- Transitioning tariffs to greater cost reflectivity so are customers pay a fair amount that is reflective of how they impact our costs.
- Providing guidance for retailers, customers and suppliers of services such as local generation, batteries and demand management about how customers and their energy service providers can manage energy costs through decisions on how and when the produce and use energy.

The tariffs in this TSS are only indicative. Each year, we publish an annual pricing proposal, which sets out our actual network tariffs for the year. Before we set our annual prices, we must determine how to structure our tariffs, as well as the policies and procedures for assigning customers to tariffs. To aid this, this TSS explains the charging parameters within each tariff and a description of the approach we will take in setting tariffs in the annual pricing proposals.

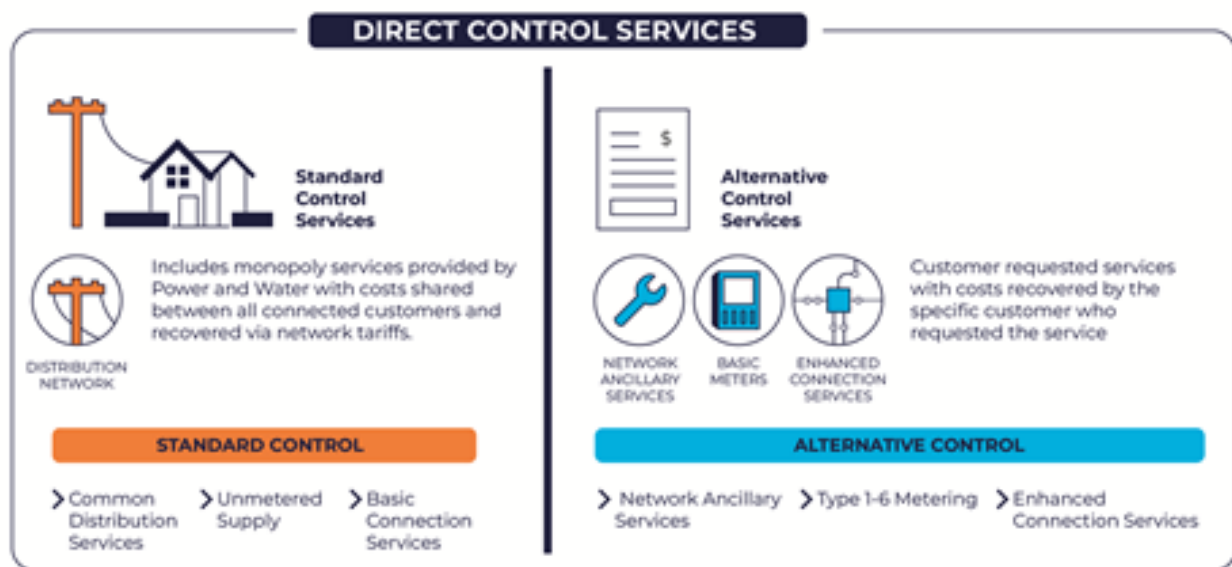
This document is also accompanied by:

- The Tariff Structure Overview which, includes a plain English summary to explain the proposed TSS including the export tariff transition strategy and the interrelationship between the proposed TSS and relevant elements of the regulatory proposal (including the proposed connection policy and capital expenditure or operating expenditure).
- The indicative pricing schedules which set out, for each tariff for each regulatory year of the regulatory control period, the indicative price levels determined in accordance with this TSS (refer to Appendices A and B).
- The Tariff Structure Explanatory Statement which provides the detailed justification and explanation to support this TSS and summarises the key outcomes from our customer and stakeholder engagement on network tariffs.

Our TSS covers charges for services that are classified as direct control services, which are further classified as either standard control services or alternative control services. Figure 1.3 summarises our standard control and alternative control services as classified by the AER's Framework and Approach (**F&A**) decision.



Figure 1.3: Types of services covered by this TSS



### Rule changes informing this TSS

This TSS has been informed by some key rule changes that have occurred since our last TSS. The Australian Energy Market Commission's (AEMC) Final Rule Change *Access, pricing and incentive arrangements for Distributed Energy Resources*<sup>1</sup> removed the prohibition on networks from developing pricing options for energy exported to the grid. Export pricing is optional for each network, but it is a requirement to develop and include an export tariff transition strategy as part of the TSS. The final rules also introduced a requirement for no mandatory assignment to export pricing by networks until 1 July 2025 for existing customers. This restriction does not prevent networks from conducting export pricing trials before that date, where customers can opt-in to export tariffs for the period of the trial.

This TSS does not propose to introduce any mandatory export tariffs for our customers in the 2024-29 period. Instead, we will work with NT retailers and the government to develop and test innovative tariffs through opt in trials, to understand the customer experience and available network benefits of these tariffs in an NT context prior to their potential deployment in any future TSS.

The AEMC's final rules for the *Integrating Storage in the NEM* rule change also provides useful clarification that batteries will continue to be charged distribution use of system fees.<sup>2</sup> Participants with battery storage who choose to connect to our distribution network will receive a Direct Control Service tariff or a storage tariff trial option, where offered.

<sup>1</sup> AEMC, *Access, pricing and incentive arrangements for distributed energy resources*, Rule determination, 12 August 2021.

<sup>2</sup> AEMC, *Integrating energy storage systems into the NEM*, Rule determination, 2 December 2021.

## What this TSS provides for our customers

The TSS provides our customers and retailers with certainty and transparency about how and when network prices will change. This allows our customers to make more informed decisions about their energy use. The TSS is also important as it informs customer choices by:

- Transitioning tariffs to greater cost reflectivity by providing better price signals through tariffs which reflect what it costs to use electricity at different times.
- Providing guidance for retailers, customers and suppliers of services such as local generation, batteries and demand management by setting out the tariff approaches for the 2024-29 TSS period.

However, for most of our customers, changes in our prices currently have no impact on their retail bills. This is because electricity retail prices charged to residential and commercial customers (those consuming less than 750 megawatt hours (**MWh**) of electricity per year) are regulated by the NT Government through a pricing order made by the Treasurer under the *Electricity Reform Act 2000*.

## Structure of this TSS

We have structured this TSS as follows:

- Chapter 1 – Introduction
- Chapter 2 – Outlines our tariff classes for standard control services
- Chapter 3 – Outlines our approach to setting network tariffs and compliance with pricing principles
- Chapter 4 – Explains our tariff charging parameters and tariff structures for standard control services
- Chapter 5 – Outlines our tariff assignment and reassignment process
- Chapter 6 – Outlines our Export Tariff Transition Strategy
- Chapter 7 – Describes how we set tariffs for alternative control services
- Appendix A provides our indicative tariff schedules for standard control services
- Appendix B provides our indicative tariff schedules for alternative control services.
- Appendix C provides an overview of how this TSS meets our compliance requirements
- Appendix D provides more detail of the tariff assignment and reassignment process

## Compliance requirements

Appendix C provides an overview of how this TSS meets the NT National Electricity Rules (**NER**) obligations and aligns with the Pricing Principles. The TSS must comply with the pricing principles for direct control services in a manner that will contribute to the achievement of the network pricing objective:

*The network pricing objective is that the tariffs that a distributor charges in respect of its provision of direct control services should reflect the distributor's efficient costs of providing those services to the retail customer.* <sup>3</sup>

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<sup>3</sup> NT NER, cl. 6.18.5(d)



We will continue to transition to full cost reflective tariffs in the coming regulatory period in line with the deployment of smart meters. In doing so we will consider the impacts on our customers.

Under the Pricing Principles, we must set tariffs to recover the expected future costs of building new networks. This involves setting a charge that reflects the Long Run Marginal Cost (**LRMC**) of our network services. Any residual costs (which are measured as the difference between our total allowed revenues and our revenues from LRMC-based charges) should be recovered by tariffs that collect revenue from customers in the least distortionary way.

The Pricing Principles require that:

- The revenue to be recovered must lie on or between an upper bound (stand-alone cost) and a lower bound (avoidable cost).
- Each tariff must be based on the LRMC of providing the service to which it relates to the retail customers assigned to the tariff.
- Tariffs must be designed to recover our efficient costs of serving the customers that are assigned to each tariff class in a manner that minimises distortions to the price signals.
- We must consider the impact on customers of changes in tariffs from the previous year and may reasonably vary from the need to comply with the pricing principles after a reasonable period of transition to the extent necessary to mitigate the impact of changes, including having regard to the extent to which customers are able to mitigate the impact of changes in tariffs through their usage decisions.
- The structure of each tariff must be reasonably capable of being understood by customers that are or may be assigned to that tariff, having regard to the type and nature of those customers, and feedback resulting from the engagement with customers. The structure of each tariff must also be capable of being incorporated by retailers or market small generator aggregators in contract terms offered to our customers.
- A tariff must comply with the NT NER and all applicable regulatory instruments.

Our Tariff Structure Explanatory Statement (Attachment 11.02) provides more information in relation to how we have met the Pricing Principles and addressed feedback received from our customer and stakeholder engagement.

## 2. Network tariff classes and allocations

This chapter explains the how we allocate customers into the proposed tariff classes and tariffs to meet the requirements set out in the following clauses of the NT NER:

- 6.18.1A(a)(1)
- 6.18.3(b)

Our customers are allocated into service groups and classes for the purposes of assigning distribution network charges. These are called tariff classes. The NT NER defines tariff classes as ‘*a class of customers for one or more direct control services who are subject to a particular tariff or particular tariffs*’. All customers who take supply from us for direct control services are a member of at least one tariff class.

Our classification of customers by annual consumption follows the thresholds set by the NT Government’s Retail Electricity Pricing Order (the Pricing Order).

We have a simple approach with relatively few tariff classes, and we propose to retain this approach and the same tariff classes for the 2024-29 period to avoid unnecessary transaction costs. Customers have been efficiently grouped together, recognising the material differences arising from:

- The pattern and level of network usage between smaller customers and larger customers, which have different usage patterns and average consumption.
- The pattern and level of network usage between residential customers and business customers, which have different usage patterns and average consumption.
- Whether or not they will be impacted by changes to network prices due to the NT Pricing Order (i.e. whether they use above or below 750 MWh per annum (**pa**)).
- The nature of the network assets required to provide the network access service, in the case of the high voltage (**HV**) tariff class, as these customers do not make use of the low voltage (**LV**) network or distribution substations.

The proposed tariff classes, tariffs and description of eligible customers is outlined in Table 2.1.

Table 2.1: Proposed tariff classes and eligibility

Tariff classes	Tariffs	Eligible customers
<b>LV less than 750MWh per annum</b>	1: Residential Accumulation Meter	Residential customers consuming less than 750 MWh pa National Metering Identifier ( <b>NMI</b> ) with standard accumulation meters
	2: Non-Residential Accumulation Meter	Non-residential customers connected to the low voltage network consuming less than 750 MWh pa per NMI with standard accumulation meters
	3a: LV Smart Meter Residential	Residential customers connected to the low voltage network with a smart meter consuming less than 160 MWh pa per NMI

Tariff classes	Tariffs	Eligible customers
	3b: LV Smart Meter Non-Residential	Non-residential customers connected to the low voltage network with a smart meter consuming less than 160 MWh pa per NMI
	3c: LV Smart Meter	Residential and non-residential customers connected to the low voltage network with a smart meter consuming above 160 MWh and less than 750 MWh pa per NMI
	4: Unmetered	Unmetered supply (for street lighting, traffic lights and other unmetered devices) consuming less than 750 MWh pa
<b>LV above 750MWh</b>	5: LV Majors	Customers connected to the low voltage network consuming above 750MWh pa per NMI
<b>HV</b>	6: HV Smart Meters	Customers connected to the high voltage network consuming less than 10GWh pa
	7: HV Super User	Customers connected to the high voltage network consuming more than 10GWh pa

\* For sufficiently large and unique new customers for whom a bespoke tariff would best meet the NT NER Pricing Principles and protect the interests of our existing customers, we may confidentially determine individually calculated tariffs in accordance with the eligibility arrangements and tariff setting approach set out in this TSS and would seek AER approval of these in the annual tariff variation process.

### 3. Our approach for setting network tariffs

This chapter explains how we set our tariffs both indicatively in this TSS and how we will approach annual tariff setting. It also includes our relevant costs, including calculation of avoided and stand-alone costs and estimation of long run marginal costs in accordance with the NT NER obligations set out in clauses:

- 6.18.1A(5)
- 6.18.5(e)
- 6.18.5(f)
- 6.18.5(g)
- 6.18.5(h)
- 6.18.5(i)
- 6.18.6
- 11.141.13(a)(1)

#### 3.1 Overview of our approach

The purpose of this chapter is to explain how our tariffs comply with the pricing principles and the network pricing objective. Each year we must set our price levels to ensure we recover the revenue requirement approved by the Australian Energy Regulator (**AER**) for that year. These price levels will apply to each of the charging parameters in the tariff structures as outlined in this TSS. This chapter explains how we do this, as well as the approach we have used to develop the indicative tariffs that inform the bill impacts analysis presented in this TSS.

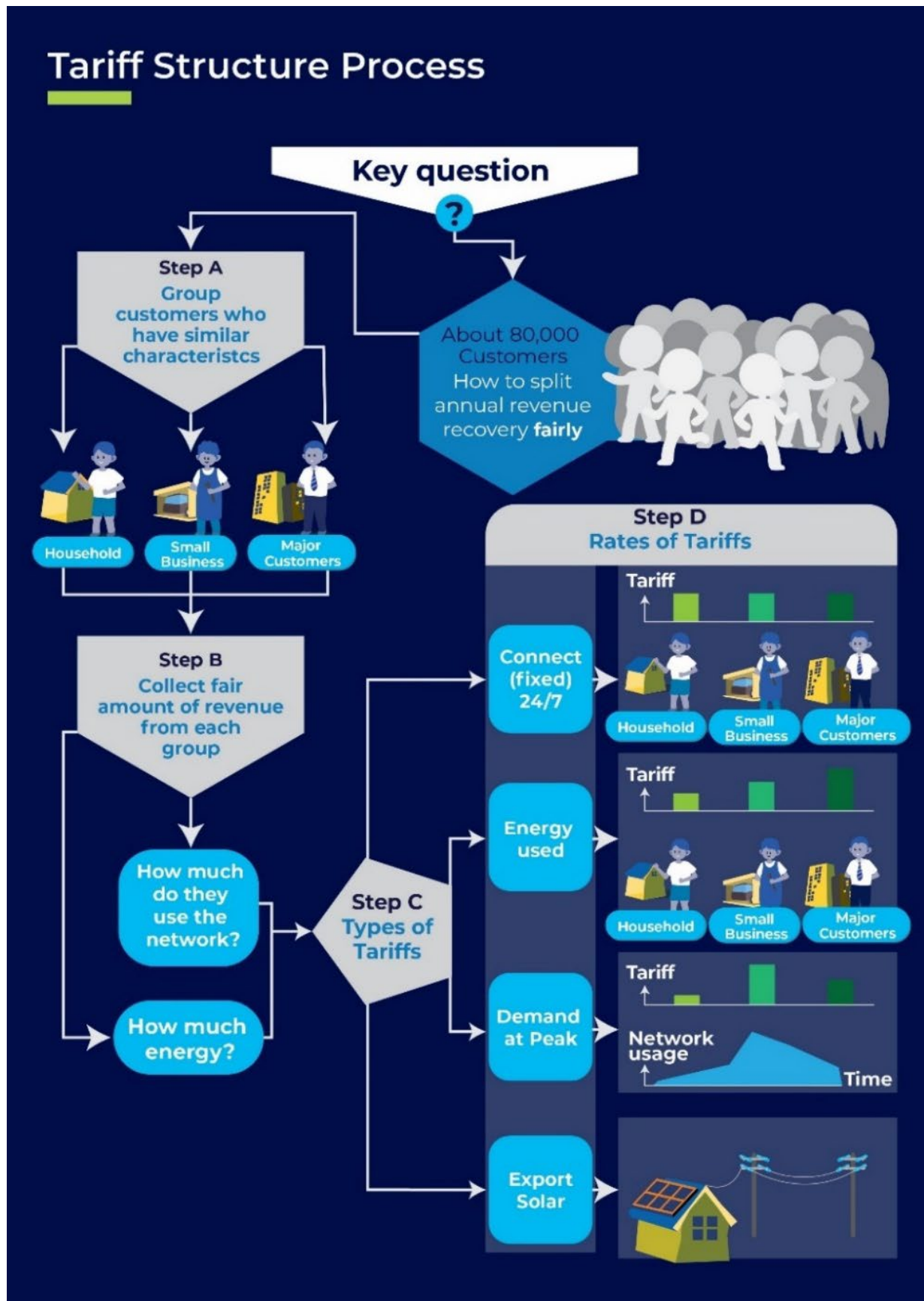
Figure 3.1 describes the key steps we take to setting network tariffs for standard control services. The first step is developing tariff classes based on grouping customers based on whether they are connected to the high or low voltage network. This recognises that it would be administratively difficult to establish a price for each individual customer. The process instead seeks to group customers based on similar characteristics, usage of the network, and meters. For example, we group our customers based on whether they are residential, non-residential or a major energy user. We also develop our groupings based on consumption, and whether the customer connects to our high or low voltage network.

The second step is to collect revenue from these customer groupings in a way that reflects the fair share of our costs given how they use the network. This is based on factors such as where customers connect to our network, and how much energy and peak demand is dedicated to the customer group.

The third step is to identify the tariff structures and parameters that should be used to set tariffs. The process is based on developing a mix of efficient price signals that result in customers paying a fair share based on how they use the network. This includes a combination of fixed charges and variable energy consumption and demand charges that vary based on the time of day or season.

Finally, the fourth step is to develop rates for each of these tariff components that result in us being able to collect our annual allowable revenue.

Figure 3.1: Process for setting network tariffs



In developing our tariffs, we must:

- Set the tariffs at levels that ensure the revenue we expect to recover from customers lies between:
  - the stand-alone cost of serving those customers who belong to that tariff class; and
  - the avoidable cost of not serving those customers.
- Set each nominated cost-reflective tariff charging parameter so that it is based on the LRMC of providing services to the customers assigned to that tariff.
- Set our tariffs to reflect the efficient costs of providing the services, including recovering allowed residual costs in a least distortive manner.
- Consider and limit the customer impact of changes to tariffs.

### 3.2 Pricing within stand-alone and avoidable cost

Pricing within the stand-alone and avoidable cost ensures that there are no inefficient economic cross-subsidies contained within the tariff classes for the following reasons:

- **Stand-alone cost:** If customers were to pay above the stand-alone cost, then it would be economically beneficial for customers to switch to an alternative provider. It would also be economically feasible for an alternative service provider to operate. This creates the possibility of inefficient bypass of the existing infrastructure.
- **Avoidable cost:** If customers were to be charged below the avoidable cost, it would be economically beneficial for the business to stop supplying the customers as the associated costs would exceed the revenue obtained from the customer.

Table 3.1 provides an overview of the revenue we expect to recover from each tariff class and demonstrates that the revenue is within the stand-alone and avoidable costs.

The NT NER does not prescribe the methodology that should be used to calculate the stand-alone and avoidable costs of tariff classes of the networks. Given the characteristics of our three separate regulated networks, we have adopted a stand-alone costing that reflects our customers next best alternative. We have calculated the stand-alone costs based on the cost of a median customer in a tariff class going 'off-grid' with solar, battery and a diesel generator. In calculating avoidable costs, we have based it on the contribution to the system peak by each class, multiplied by the LRMC.

In relation to clause 6.18.5(e) of the NT NER, our estimates of the stand-alone and avoidable cost for each customer class are included in our economic costs model. Our calculations show that, for each tariff class, the proposed revenue lies between the lower bound (avoidable cost) and upper bound (stand-alone cost).

The methodology to determine our lower and upper bounds for each tariff class is further set out in the Tariff Structure Explanatory Statement (Attachment 11.02).



Table 3.1: Stand-alone and avoidable costs (\$ million real 2023-24)

Revenue and cost measures	LV 0<750 MWh	LV >750MWh	HV
Stand-alone cost	546.5	72.2	112.5
Forecast 2024-25 revenue	136.8	16.8	17.4
Avoidable cost	50.6	6.9	6.0
Proposed revenue lies between stand-alone and avoidable cost?	Yes	Yes	Yes

### 3.3 Pricing based on LRM

Clause 6.18.5(f) of the NT NER requires that our tariffs are based on the LRM of providing network services to our customers. The LRM is an estimate of our future costs of expanding our networks to allow for one additional (or less) unit of peak use of the networks for energy consumption services. It is customer demand during peak network periods that drives the costs of our network, and so the LRM reflects the cost to supply one additional unit of capacity (in kWh or kVA) at peak times.

Our strategy to comply with 6.18.5(f) of the NT NER requiring tariffs to reflect LRM involves identifying the LRM of meeting peak demand. Our approach is consistent with the NT NER in that:

- The long-run is assumed to be the period over which all fixed costs become variable, in our modelling we have assumed 20 years.
- Costs include all avoidable costs, i.e. all assets required to meet a given level of peak demand, whether for augmentation, incremental capacity related replacement or operational expenditure.
- Relevant tariff charging parameters reflect LRM, i.e. peak kWh and/or kVA consumption.
- By ensuring relevant charging parameters reflect LRM, annual bills and total revenues based on those prices will reflect LRM (plus any additional revenues required to recover our allowed residual costs).
- Deploying more smart metering technology to enable LRM reflective tariffs to be applied across more of our customers over the period.

#### 3.3.1 LRM for peak demand

We have used the AIC based approach to estimate its peak demand LRM, which involved forecasting peak demand growth in our three interconnected systems over the next 20 years, taking into consideration the impact of customer growth, DER adoption and spot load additions. The marginal cost of peak demand growth for each asset level in the network was then determined by considering likely capital and operational expenditure that results from increased peak demand.

In our 2019-24 TSS, the AER recommended that we investigate and refine our methods for estimating LRM. We updated our approach to estimating the LRM of meeting peak demand, and have addressed the request for greater transparency, location-based estimation and inclusion of replacement capital and associated operational expense in our LRM calculations. We calculate LRM at a voltage level for all customers, with an LRM estimate for low-voltage and high-voltage customers (noting that we do not have any customers connected at the sub-transmission voltage level). The LRM estimate is not specific to

location or feeder, but an average for all customers connected at the same voltage level within the same customer class.

Further details outlining our approach to estimating the LRMC across our network is explained in our Explanatory Statement. The resulting forward looking LRMC calculations for each voltage level are reported in Table 3.2.

*Table 3.2: How different expenditures contributed to our long run marginal cost of peak demand at each voltage level (\$/kVA, real 2023-24)*

Voltage Level	LRMC at Voltage Level	Growth Capital Expenditure	Replacement Capital Expenditure	Growth Operating Expenditure	Total LRMC at voltage level
Low Voltage	\$/kVA	24.91	82.65	57.34	164.90
High Voltage	\$/kVA	31.21	36.59	36.14	103.95

### 3.4 Ensuring our tariffs reflect total efficient costs and seek to minimise distortion

The pricing principles require us to minimise distortions, which includes considering aligning revenue shares with the cost to serve, and revenue recovery through non-distortionary charging parameters. Our focus is on those customers who see our tariff structures and charges, although we try to adopt these principles across all our tariff classes.

We have ensured our tariffs only recover our total efficient costs as required by rule 6.18.5(g)(2) of the NT NER by setting the net present value (**NPV**) of multiplying our forecast indicative tariffs in this TSS by our forecast connections, peak demand and consumption growth rates to equal the NPV of the building block revenue requirement we have forecast using the AER post tax revenue model.

If we based our distribution network charges solely on our LRMC, we would not recover all our required revenue. The NT NER require us to consider how to best recover the remaining costs (residual costs) in a way that is efficient and minimises distortions to price signals. Our approach to tariff design is consistent with this principle because our objective is to provide peak period variable charges that reflect the LRMC of providing the service.

If the actual demand over the period differs from our forecast demand that we have relied on, the revenue cap will adjust our annual prices to ensure we only recover our approved efficient costs.

Our approach to recovering our forward-looking efficient costs is to set our residual tariff components such that they are equal to the difference between the revenue recovered by our LRMC based tariff components and our efficient costs.

#### 3.4.1 Revenue recovery through non-distortionary charging parameters

Our LRMC-driven costs and associated charging parameters are not sufficient to recover our total efficient costs. This is because our allowed total efficient costs include the recovery of both variable or growth costs (called marginal costs) *and* our fixed costs, which, together, allow us to recover our average costs.

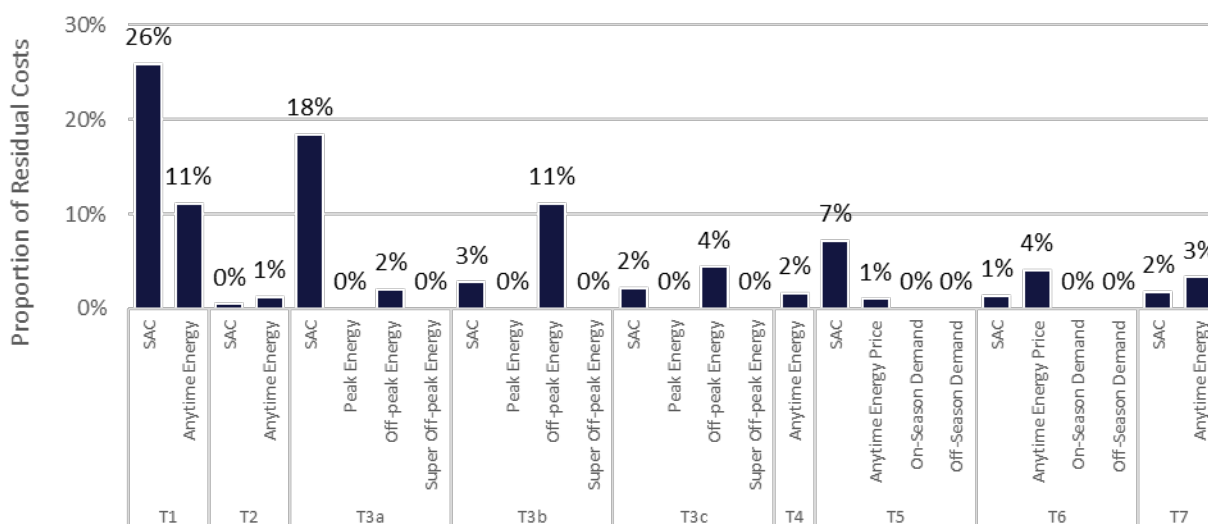
We have a lot of fixed costs in providing network services. This means we have to recover residual costs (the difference between marginal costs and our allowed revenues determined by the AER). We seek to set our tariffs to recover residual costs in a way that:

- Minimises distortions to efficient price signals, by aiming to keep demand tariffs in line with our LRMC estimates.
- Preferences residual cost recovery through the fixed daily system access charge where this can be done while managing bill impacts and seeks to reduce reliance on energy consumption charges.
- Considers the impact of residual costs on customer bills, and whether these bill impacts will distort usage decisions (including whether the Pricing Order will prevent bill impacts), as discussed below.

We have given effect to this tariff setting approach in our proposed indicative tariffs for 2024-25 (the first year of the next TSS period). This means further rebalancing within the regulatory period will be minimal and arise mainly through managing the adjustments for under and over recoveries under the revenue cap in a manner that manages customer bill impacts.

Our recovery of our residual costs across our tariffs and tariff charging parameters in 2024-25 is shown in Figure 3.2 below. The relative shares of our residual costs from different tariffs are in line with the relative shares of our customer base on each tariff.

Figure 3.2: Residual cost recovery shares by tariff and tariff charging parameters



### 3.5 Impact of price changes on customers

Managing customer impacts is a key focus of our tariff design as required by rule 6.18.5(h) of the NT NER. The Pricing Order means we have two distinct types of retail customers with differing price impacts. We have approximately 84,000 customers connected across the three regulated networks, with a majority of these customers, comprising households and small to medium businesses and are subject to protection through the Pricing Order. Therefore, our TSS pricing decisions will not directly affect their retail electricity bills. However, our largest energy users (consuming above 750 MWh pa) do see our network tariffs as a separate line item on their retail bill and therefore our network prices will directly affect these customers.

We sought to manage our tariff changes to minimise customer impacts and ensure that as a group this cohort of customers are no worse off.

This TSS has proposed an approach to further transition towards cost reflectivity while managing the impact of charges on both existing and new customers. However, many of our customers remain on accumulation meters that restrict our ability to offer more cost-reflective prices. Nevertheless, we forecast that the majority of our customers will receive a smart meter by the end of the next regulatory control period. New customers with smart meters will be assigned to our default cost-reflective charges, as set out in Chapter 5 and Appendix D of this TSS.

### 3.6 Bill impacts

Our tariff impact analysis for the first year of the next regulatory control period relative to 2023-24 is shown in the figures below. These figures show the impact on the network component of the customer's bill. As the network charge only makes up a proportion of the total bill, the percentage impact on the customers' final bill will be significantly less. Our Explanatory Statement also provides more detail on expected impacts to our customers from our price modelling.

Figure 3.3: Residential customer bill impact analysis (\$ per year, nominal)

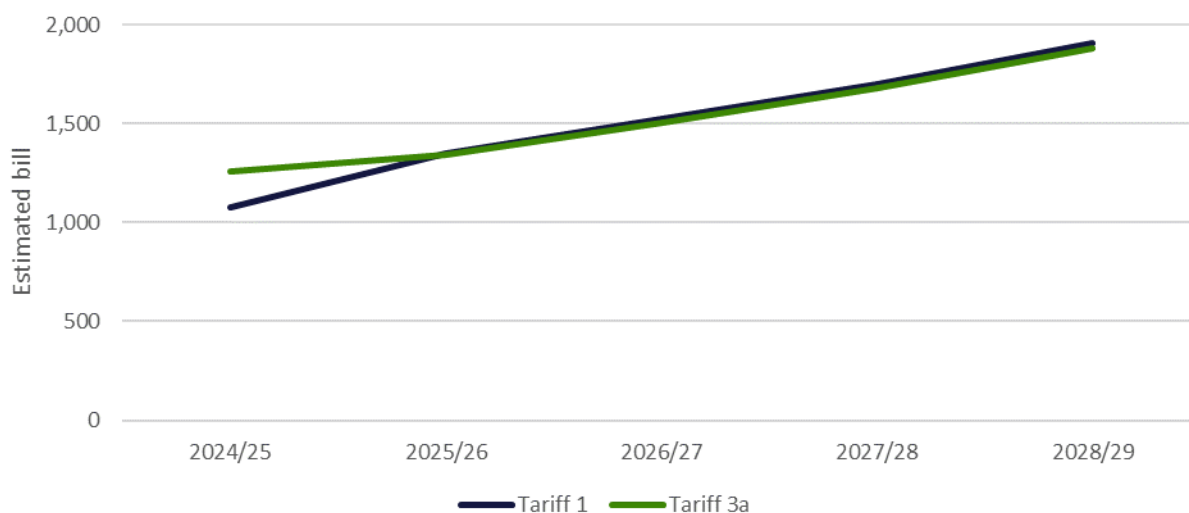


Figure 3.4: Residential customer bill impact analysis (% , nominal)

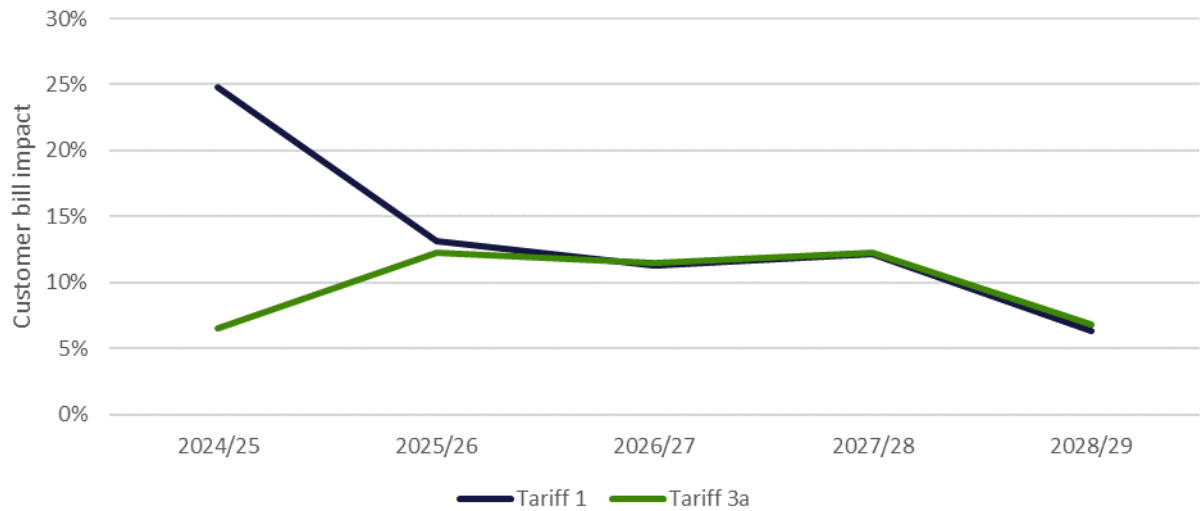


Figure 3.5: Large user customer bill impact analysis (Tariff 5, nominal)

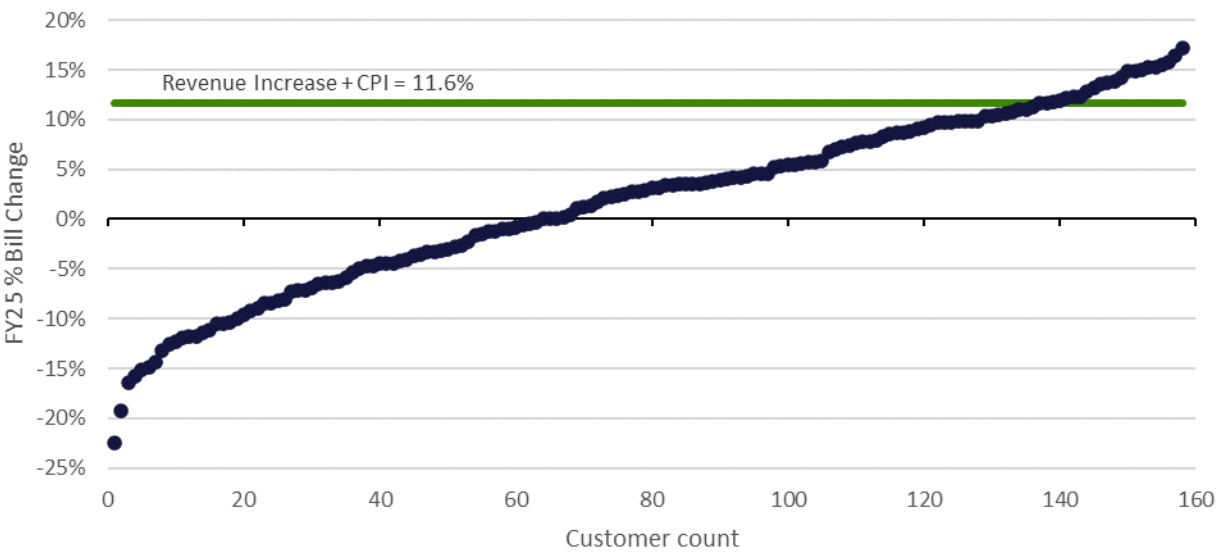


Figure 3.6: Large user customer bill impact analysis (Tariff 6, nominal)

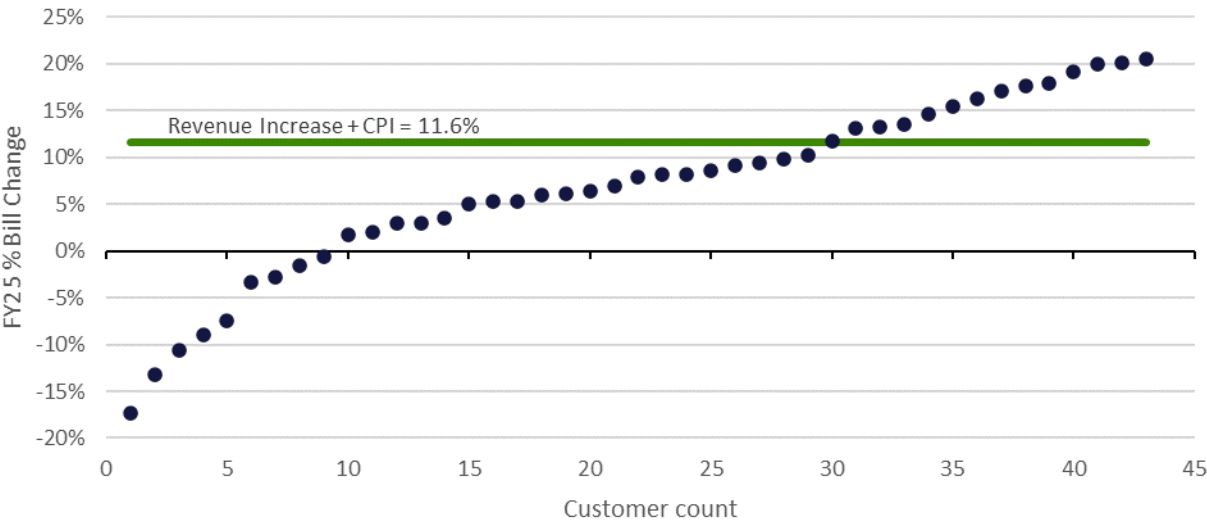


Figure 3.7: Large user customer bill impact analysis (Tariff 7, nominal)

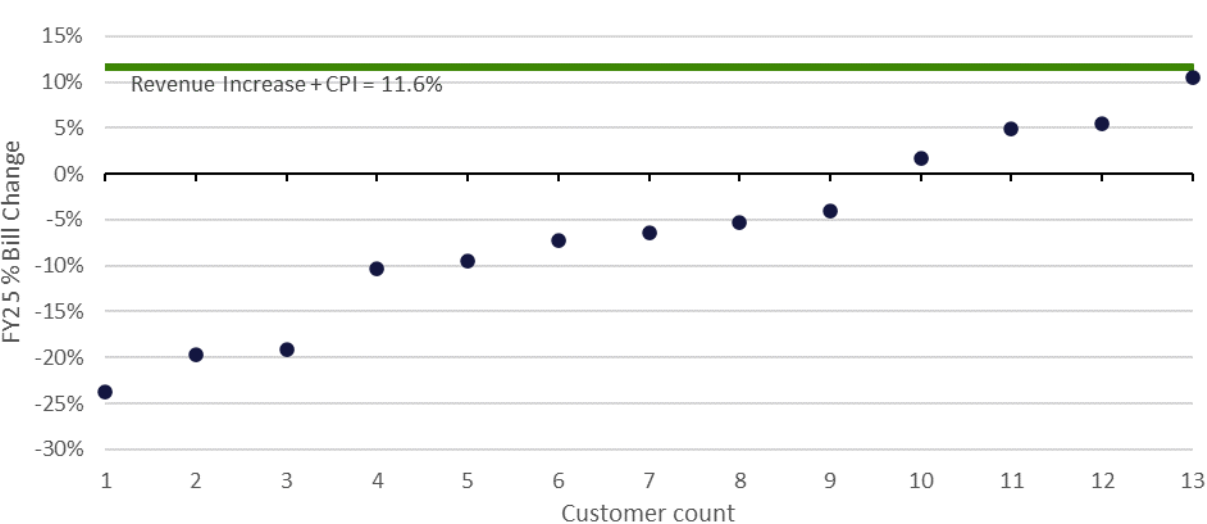


Table 3.3 shows indicative network bill impacts for our different customer types. These impacts are based on our proposed revenue forecasts and the tariffs set out in this TSS. They do not account for the effects of the Pricing Order or retail bills.



Table 3.3: Movement in customers' network bills 2023-24 to 2024-25 (excluding GST, nominal)

Tariff	Description	2024/25 (Year 1)	2028/29 (Year 5)	Consumption	Demand	Network bill (\$)		Network bill impact		Network component of retail bill <sup>1</sup>	Increase in total retail invoice <sup>2</sup>
		NMIs	NMIs			2023/24	2024/25	\$	%		
1	Residential accumulation	43,811	35,589	8,500	0	1,079	1,347	267	25%	57%	EPO <sup>3</sup>
2	Non-residential accumulation	2,193	0	30,000	0	2,606	3,179	574	22%	34%	EPO <sup>3</sup>
3a	Residential 0-160MWh	29,224	38,333	8,500	20	1,258	1,340	82	6%	57%	EPO <sup>3</sup>
3b	Non-residential 0-160MWh	8,305	10,618	30,000	150	4,257	3,175	-1,082	-25%	34%	EPO <sup>3</sup>
3c	Smart meter 160-750MWh	754	857	250,000	500	14,357	17,733	3,376	24%	24%	EPO <sup>3</sup>
5	LV >750MWh	158	168	3,200,000	6,675	164,055	142,741	-21,314	-13%	24%	-3%
6	HV <10,000MWh	38	52	1,600,000	6,850	131,711	129,970	-1,741	-1%	24%	0%
7	Super users	14	19	25,000,000	53,000	1,035,906	847,695	-188,211	-18%	14%	-3%

Notes:

- (1) Based on the network component of retail invoices issued in October 2022.
- (2) Electricity Pricing Order (EPO) increase in the total retail bill will be determined by adjustments made to the EPO by the NT Government. Previously the NT Government have capped prices at no more than CPI. Last year the increase was set at 2.7 per cent despite CPI being 6.1 per cent.
- (3) Major customer impact has been assessed by using retail invoices issued in October 2022 with forecast CPI increases of 6 per cent per annum on the non-network rates.

### 3.7 Making our distribution network charge structures understandable

During our consultation process with major customers, stakeholders and retailers, we were informed that our tariffs need to remain 'easy to understand' and 'relatively simple to interpret'. We have ensured our tariffs and structures are simple and understandable through retaining postage stamp pricing, having only two seasonal tariffs, and removing demand charges for smart meter customers who consume less than 750MWh pa.

However, feedback also noted that any network charge intended to provide a price signal to consumers that fall within the Pricing Order (less than 750MWh per annum) is ineffective due to the inability of retailers to pass-through such network charges, resulting in no behavioural change by the consumer as a result of shielding from such network charges.

The pricing principle (clause 6.18.5(i)) now requires that network tariffs be capable of not only being understood by customers but also reflected in retail offers. Due to the operation of the Pricing Order, We are limited in its ability to reflect network tariffs in retail offers to customers consuming less than 750MWh per annum. It is for this reason that we are not proposing to introduce two-way pricing at this point in time.

## 4. Tariff structures and charging parameters for Standard Control Services

This chapter explains the different components of the tariffs and charging parameters we apply and how we adopt different combinations to create the tariff structures within each tariff class. The information in this chapter is provided to meet the following clauses of the NT NER:

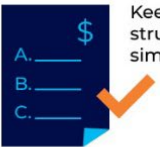




- 6.18.1A(a)(3)
- 6.18.1A(a)(4)
- 6.18.3
- 6.18.5(i)

The 'tariff structure' includes the tariff, components of that tariff and charging parameters, which all together provide the necessary information for our customers and their retailers to know how we propose to bill them. When developing our network tariff structures, we are aiming to provide retailers with better price signals about the costs associated with provision of electricity network services. This will ensure that retailers make more informed decisions about how best to manage the financial risks under more cost-reflective network pricing.

### 4.1 Pricing principles for tariff design

Our pricing strategy has focused on setting tariffs that respond to the network impact of rising peak demand in the afternoon/evening periods in summer and growing solar exports in the middle of the day as well as the impact of minimum demand during the middle of the day during the NT dry / winter months. Our tariff design and engagement process with stakeholders has been influenced by our key principles for tariff design as outlined in Table 4.1.

Table 4.1: Pricing Principles for Tariff Design

Pricing Objective	Description	Alignment with NT NER
 <p>Keep our structures simple</p>	<p>Our pricing signals need to be clear and understandable. Customers, retailers and stakeholders should readily understand our network prices in order to make decisions about usage.</p> <p>The structures must be capable of being incorporated by retailers or market small generator aggregators into contract terms.</p>	<p>Clause 6.18.5(i) – customers, retailers and stakeholders must be reasonably capable of understanding the tariff structures and tariffs must be capable of being incorporated into retail offers.</p>
 <p>Reduce unmanageable bill impacts and maintain affordability</p>	<p>Access to network services should be affordable, including for vulnerable customers, having regard to the retail pricing protections afforded to Territorians under the Pricing Order</p>	<p>Clause 6.18.5(h) requires us to consider the impact on customers of changes in tariffs.</p>
 <p>Equity</p>	<p>Each customer should pay their fair share of network costs, noting that there should not be a wide gap between customers with similar usage patterns.</p>	<p>Clause 6.18.5(h) and(i) require us to consider customer impact.</p> <p>Clause 6.18.3 requires us to set tariff classes together on an efficient basis, but also with regard to avoiding unnecessary transaction costs.</p>
 <p>Economic Efficiency</p>	<p>Where possible, ensure customers face the cost reflective price signals so that their decisions reduce network costs</p>	<p>Clause 6.18.5(a) - The network pricing objective.</p> <p>Clause 6.18.5(e)-(g) – compliance with these pricing principles is consistent with providing efficient price signals.</p>
 <p>Deliverability and Implementation</p>	<p>We should consider practical constraints such as billing systems, time to communicate new tariffs to customers and retailers and how the Pricing Order affects retailers' ability to reflect our network tariff structures in retail tariff offerings</p>	<p>Clause 6.18.5(i)(2)</p>

While single-rate tariff structures incentivise customers to decrease total usage, they do not specifically encourage customers to decrease usage at peak times. When our costs are driven by meeting peak demand, but the majority of customers are on single-rate tariff structures, customers with higher usage during peak times will be cross subsidised by other customers with flatter usage profiles, creating inequities and inefficiencies.

We note that greater tariff cost reflectivity is enabled by smart meters, and that the continued rollout of smart meters is integral to implementation in the future. Therefore, we need to maintain existing tariff structures for existing customers on tariffs with accumulation meters.

A key strategic change that we are proposing in the next regulatory period, is the refinement of time-of-day pricing for customers who have interval or smart meters. This includes tightening the peak period to align with the time and seasons when our network experiences the highest demand.

Our proposed strategic direction is to place greater emphasis on demand rather than energy charges, for our larger customers, and the reverse for customers consuming greater than 750MWh pa who are protected by the Pricing Order. This includes adjusting the tariff parameters and charging windows to more reflect the LRMC for those customers.

## 4.2 Tariff charging parameters

Our proposed changes seek to reduce future costs through tariff structures that can encourage customers to shift consumption to periods when the network has spare capacity, or to when minimum demand is driving network costs.

Customers in each tariff class are subject to a range of different components to which a charge is applied. Not all tariffs have a peak or off-peak demand charge, but all tariffs do have an access charge and a volumetric (energy) charge. Unmetered supply consists solely of an energy charge.

Our proposed tariff structures for the next regulatory period involve three key charging parameters:

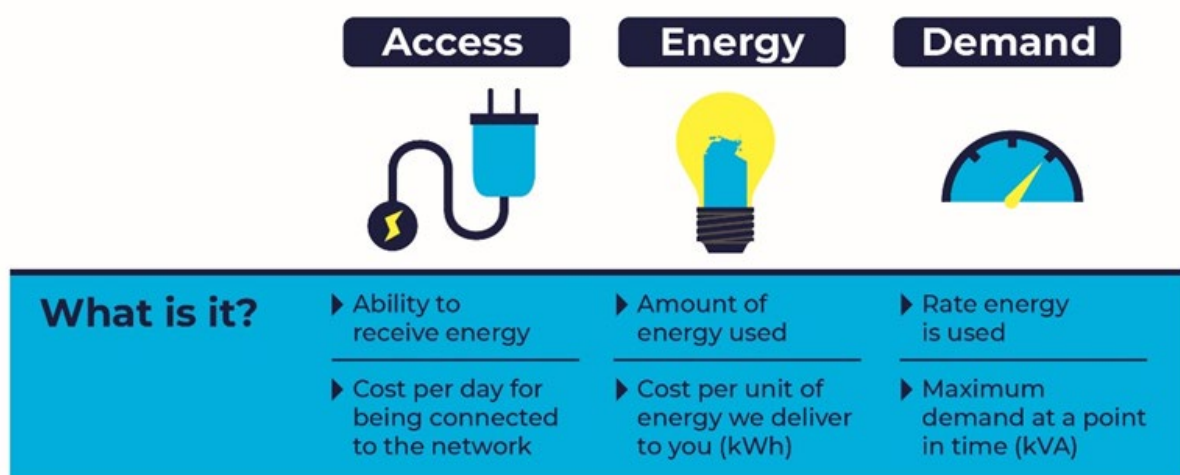
- Fixed System Availability Charge (\$/Day/NMI).
- Volumetric Energy Charges (\$/kWh).
- Volumetric Demand Charges (\$/kVA).

Each of these tariff components vary depending on the actual tariff being charged, for example the energy charge (\$/kWh) may be applied as an anytime energy charge (flat energy rate applied 24/7) for our larger customers or as a Time of Use energy charge for our small to medium smart meter customers.

The demand (kVA) charges applied to tariff 5 and 6 customers, also vary dependent on the season in which the charges apply. Between 1 October and 31 March each year will be classified as 'on' season, while the 'off' season will apply between 1 April and 30 September. The purpose of these variations in structure are to ensure that:

- Annual customer maximum demand charges send a long-run marginal cost-based price signal for large customers that can drive asset peaks (\$/kVA) charged across an 'On' and 'Off' season.
- Energy charges to send a long-run marginal cost-based price signal to customers (\$/kWh).
- Encourage usage at times that best suit the capacity of the network (both for peak demand and minimum demand) and manage the impact on customers' bills.

Figure 4.1: Tariff Charging Parameters



### 4.3 Time of use – energy consumption charge

In the 2019-24 TSS period, we have had a single ‘anytime’ charging parameter for the energy component of our tariffs for all customers. While single-rate tariff structures incentivise customers to decrease total usage, they do not specifically encourage customers to decrease usage at peak times. When our costs are driven by meeting peak demand, but the majority of customers are on single-rate tariff structures, customers with higher usage during peak times will be cross-subsidised by other customers with flatter usage profiles, creating inequities and inefficiencies.

For the 2024-29 TSS period, we will apply a Time of Use energy charge based on the season and time of day when energy is consumed. This would only apply to customers with smart meters consuming below 750MWh per annum, as accumulation meters do not provide this level of data. We consider that the change provides a simpler signal to customers (if the Pricing Order protections are removed) when the network is experiencing peak demand in the evening, and when there is ample capacity to meet demand in the middle of the day.

Major customers will retain a single rate energy tariff in an attempt to provide ongoing certainty around cost and minimise the impact to business day-to-day operations.

The different periods for charging energy are proposed to be:

- High period (Peak) period: From 1 October to 31 March weekdays, between 3pm and 9pm.
- Medium (Off-peak) period: From 1 April to 30 September Monday to Sunday between 3pm to 9am and from 1 October to 31 March Monday to Sunday between 9pm to 9am.
- Low (Super off-peak) period: Every day of the year between 9am and 3pm.
- Anytime Energy period: 24 hour a day, 7 days a week all year round.

High price period for energy replaces the maximum demand charge for smart metered customers covered by the Pricing Order, those consuming below 750MWh per annum. This seasonal energy charge is designed to encourage customers to avoid using the network during maximum demand periods. The Medium price period signals that while the network is not expected to experience major demand issues, customers should be mindful of their usage. While the low price period is designed to encourage customers to increase usage, and address potential minimum demand issues on the network. Figure 4.2 conceptualises the key change we are proposing to implement for time-of-use pricing.

Figure 4.2: ` Time of Use Pricing for Consumption





Lastly the anytime energy period remains for our largest customers consuming above 750MWh per annum or connected to our HV network. It is designed to recover residual costs of the tariff structure, which also incorporates a demand (kVA) charge.

## 4.4 Demand charge parameters

In the 2019-24 TSS period, we applied a demand charge to all customers with a smart meter. For the new tariffs that apply to customers with smart meters consuming less than 750MWh, we are proposing to remove the demand charge and instead apply the time of use energy charges outlined above.

For our major customers, those consuming above 750MWh pa or connected to the HV network, we will continue to apply an annual peak demand charge. However, this charge will be applied as an 'on' season, from 1 October to 31 March, and an 'off' season from 1 April to 30 September each year.

The introduction of the two seasons allows us to better manage customer impacts, smoothing the 'on' season rate, by recovering during the 'off' season. This is important for customers who are not covered by the Pricing Order.

## 4.5 Charging periods and rates

In the 2019-24 TSS period, we applied a peak demand window of 12pm to 9pm on weekdays. For our larger customers (consuming above 750MWh pa) this window applied all year round, while for our smaller customers it only applied seasonally, between 1 October and 31 March each year.

For the 2024-29 TSS period, we are narrowing the peak period. This reflects our analysis that shows our peak demand is continuing to shift further into the evening, when the network cannot rely on solar to help meet underlying demand and also reflects our desire to have the off-peak period cover the window of system minimum demand. This change also provides a sharper signal on the drivers of future costs of the network. In assessing the peak period window, we also decided not to overly narrow the period due to the variability of when the peak demand occurs across the different locations of our regulated networks.

As part of this change, we also plan to apply these revised peak windows to the energy (kWh's) component of our tariffs. This applies to those customers protected by the Pricing Order, as well as demand (kVA) component for the major customers.

Table 4.2 outlines the proposed charging parameters for each of our tariffs. The main changes include:

- Reducing the Peak window by 15 hours per week and introducing a low and medium energy period for energy consumption.
- Introducing an 'on' and 'off' maximum demand seasons, in conjunction with a reduction in the peak charging window by five hours per week.
- Removing the seasonal demand (kVA) charge for smart metered customers consuming less than 750MWh per annum.
- Introducing three Time of Use energy periods and maintaining an anytime energy charge for the accumulation, major customers (greater than 750MWh) and unmetered.

It should be noted that if the NT Government changes or removes the Pricing Order during the next regulatory period, and at that time our peak load profiles are materially different to those that informed charging periods and the time of use windows, then these would need to be adjusted at that time to ensure the peak window remained fit-for-purpose.

For further information on our tariff classes, structures and charging parameters for standard control services, please refer to the accompanying Explanatory Statement.

Table 4.2: Proposed Network Tariffs by Charging Parameters from 1 July 2024

Tariff	Tariff Description	Eligibility	Connection Voltage (HV/LV)	System Availability Charge (SAC) (\$/NMI/day)	Energy (kWh)*				Peak Demand (kVA)*	
					Anytime (24/7)	Low Period	Mid Period	High Period	On Season	Off Season
1	Residential Accumulation	All residential customers with accumulation metering	LV	✓	✓					
2	Non-Residential Accumulation	All non-residential customers with accumulation metering	LV	✓	✓					
3a	LV Smart Meter	Residential with smart metering consuming 0-160 MWh pa	LV	✓		✓	✓	✓		
3b	LV Smart Meter	Non-Residential with smart metering consuming 0-160 MWh pa	LV	✓		✓	✓	✓		
3c	LV Smart Meter	All customers with smart metering consuming 160-750 MWh pa	LV	✓		✓	✓	✓		
4	Unmetered	All Unmetered	LV		✓					

Tariff	Tariff Description	Eligibility	Connection Voltage (HV/LV)	System Availability Charge (SAC) (\$/NMI/day)	Energy (kWh)*				Peak Demand (kVA)*	
					Anytime (24/7)	Low Period	Mid Period	High Period	On Season	Off Season
5	LV Majors	All customers connected to the LV network consuming above 750MWh pa	LV	✓	✓				✓	✓
6	HV Smart Meters	Customers connected to HV network consuming 0-10,000 MWh pa	HV	✓	✓				✓	✓
7	Super Users	Customers connected to the HV network consuming above 10,000 MWh pa	HV	✓	✓					

\*More information on the energy and demand periods are listed in Table 4.3.

Note that capacity costs for Super Users on Tariff 7 are assessed in their connection agreement and will be included in their ongoing Network Supply Arrangement.

Table 4.3: Demand and Energy Periods

Demand (kVA) detail and periods	Energy (kWh) details and periods
<b>On Season – Peak Period</b> 3pm to 9pm Monday to Friday (including public Holidays) from 01 October to 31 March	<b>Low Period</b> 9am to 3pm Monday to Sunday, all year
<b>Off Season – Peak Period</b> 3pm to 9pm Monday to Friday (including public Holidays) from 01 April to 30 September	<b>Mid Period</b> 3pm to 9am Monday to Sunday from 01 April to 30 September, and 9pm to 9am Monday to Sunday from 01 October to 31 March
<b>Peak Demand Charging</b> Consumer charged for the highest recorded demand during the peak period (regardless of season) each month	<b>High Period</b> 3pm to 9pm Monday to Friday (including public Holidays) from 01 October to 31 March
	<b>Anytime Energy</b> 24 hour a day, 7 days a week, is a flat rate (cents/kWh) that applies all day every day

## 5. Tariff assignment and reassignment for Standard Control Services

This chapter explains the tariff assignment and reassignment process for standard control services to meet the requirements set out in the following clauses in the NT NER:

- 6.18.1A(a)(2)
- 6.18.4
- 11.141.11

We assign each customer to their appropriate default customer tariff class based on technical properties such as their estimated load (demand and/or usage), the voltage level at which they are connected to the network and their meter type. We then assign our customers to the most appropriate network tariff.

Due to the segmentation of tariff 3, from 1 July 2024, existing customers on tariff 3 LV Smart Meter customers will be split between residential and non-residential, and those customers consuming greater than 160MWh per annum. Those existing customers on tariff 3 will require reassignment to one of the new tariffs: tariff 3a, 3b or 3c.

Customers will remain on their current tariff class and tariff unless:

- There is a change in consumption profile.
- Their meter is upgraded.
- The customer or their retailer requests reassignment.<sup>4</sup>
- We trigger the reassignment.

More details are provided below and in Attachment D.

### 5.1.1 Low voltage 0-750MWh per annum

#### Tariff class assignment

Customers who connect to the Low Voltage network and consume less than 750MWh per annum will be assigned to the following tariffs according to the conditions outlined in Table 5.1 and use of the premises:

- 1: Residential Accumulation
- 2: Non-Residential Accumulation
- 3a: LV Smart Meter Residential (0-160MWh per annum)
- 3b: LV Smart Meter Non-Residential (0-160MWh per annum)
- 3c: LV Smart Meter (160-750MWh per annum)
- 4: Unmetered

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<sup>4</sup> Whilst a customer or the customer's retailer may request a reassignment Power and Water may determine that a reassignment is not warranted. Power and Water may also charge for the assessment and recover its costs as an Alternative Control Service.



Table 5.1: Low voltage 0-750MWh per annum tariff eligibility

Tariff	Conditions
<b>Tariff 1</b> <b>Residential</b> <b>Accumulation</b> <b>Meter</b>	<p>Applies to customers supplied at a National Metering Identifier (NMI) point where:</p> <ul style="list-style-type: none"> <li>• Total electricity consumption is less than 750MWh per annum per NMI.</li> <li>• Electricity is supplied at a voltage level defined as low voltage – nominally 230/400V.</li> <li>• The customer is connected to the low voltage network via an accumulation meter.</li> <li>• The premises is intended to be used primarily for residential purposes, excluding serviced apartments, but including: <ul style="list-style-type: none"> <li>– electricity used on vacant land zoned for residential (domestic) purposes; and</li> <li>– living premises in retirement villages, which must be separately metered.</li> </ul> </li> </ul>
<b>Tariff 2</b> <b>Non-Residential</b> <b>Accumulation</b> <b>Meter</b>	<p>Applies to customers where:</p> <ul style="list-style-type: none"> <li>• Total electricity consumption is less than 750MWh per annum per NMI.</li> <li>• Electricity is supplied at a voltage level defined as low voltage – nominally 230/400V.</li> <li>• The customer is connected to the low voltage network via an accumulation meter.</li> <li>• The premises is intended to be used for non-residential purposes, including: <ul style="list-style-type: none"> <li>– electricity used on vacant land zoned for commercial purposes;</li> <li>– temporary supply (i.e. for construction purposes);</li> <li>– motels, hotels, serviced apartments and any form of temporary accommodation;</li> <li>– shops, offices, warehouses and industrial/manufacturing plants;</li> <li>– mining enterprises; and</li> <li>– farms.</li> </ul> </li> </ul>
<b>Tariff 3a</b> <b>LV Smart Meter</b> <b>Residential</b>	<p>Applies to customers where:</p> <ul style="list-style-type: none"> <li>• Total electricity consumption is less than 160MWh per annum per NMI.</li> <li>• Electricity is supplied at a voltage level defined as low voltage – nominally 230/400V.</li> <li>• The customer is connected to the low voltage network via a smart meter.</li> <li>• The premises is intended to be used primarily for residential purposes, excluding serviced apartments, but including: <ul style="list-style-type: none"> <li>– electricity used on vacant land zoned for residential (domestic) purposes; and</li> <li>– living premises in retirement villages, which must be separately metered.</li> </ul> </li> </ul>
<b>Tariff 3b</b> <b>LV Smart Meter</b> <b>Non-Residential</b>	<p>Applies to customers where:</p> <ul style="list-style-type: none"> <li>• Total electricity consumption is less than 160MWh per annum per NMI.</li> <li>• Electricity is supplied at a voltage level defined as low voltage – nominally 230/400V.</li> </ul>

Tariff	Conditions
	<ul style="list-style-type: none"> <li>The customer is connected to the low voltage network via a smart meter.</li> <li>The premises is intended to be used for non-residential purposes, including: <ul style="list-style-type: none"> <li>electricity used on vacant land zoned for commercial purposes</li> <li>temporary supply (i.e. for construction purposes)</li> <li>motels, hotels, serviced apartments and any form of temporary accommodation;</li> <li>shops, offices, warehouses and industrial/manufacturing plants;</li> <li>mining enterprises</li> <li>farms.</li> </ul> </li> </ul>
<b>Tariff 3c</b> <b>LV Smart Meter</b>	<p>Applies to customers where:</p> <ul style="list-style-type: none"> <li>Total electricity consumption is greater than 160MWh but less than 750MWh per annum per NMI.</li> <li>Electricity is supplied at a voltage defined as low voltage – nominally 230 to 400V.</li> <li>The customer is connected to the low voltage network via a smart meter.</li> <li>The premises is intended to be used for either residential or non-residential purposes.</li> </ul>
<b>Tariff 4</b> <b>Unmetered Supply</b>	<p>Applies to connection points that, with our agreement, are unmetered (Type 7 metering) and the consumption is anticipated to be less than 160MWh per annum. In these circumstances, the demand at the connection point is estimated.</p>

### 5.1.2 Low voltage greater than 750MWh per annum

#### Tariff class assignment

Customers connected to the Low Voltage network and consuming greater than 750MWh per annum will be assigned to Tariff 5.

Table 5.2: Low voltage greater than 750MWh per annum tariff eligibility

Tariff	Conditions
<b>Tariff 5</b> <b>LV Majors</b>	<p>Is the tariff available for all customers supplied at an NMI point where:</p> <ul style="list-style-type: none"> <li>Total electricity consumption is greater than 750MWh per annum per NMI.</li> <li>Electricity is supplied at a voltage defined as low voltage – nominally 230 to 400V.</li> </ul>

### 5.1.3 High voltage

#### Tariff class assignment

Customers connected to the High Voltage network (at a voltage of 11 kilovolts (kV) or higher) will now be assigned to one of two tariffs depending on their consumption.

Table 5.3: High voltage less than 10GWh per annum tariff eligibility

Tariff	Conditions
<b>Tariff 6 HV Smart Meters</b>	Is the tariff for customers connected to the high voltage network where total electricity consumption is less than 10GWh per annum per NMI.
<b>Tariff 7 Super Users tariff</b>	Is the tariff for customers connected to the high voltage where total electricity consumption is greater than 10GWh per annum per NMI.

In exceptional circumstances, we may offer an individually calculated tariff to new customers connecting to the High Voltage greater than 10GWh connection point or where material alterations to existing High Voltage connections greater than 10GWh where the conditions outlined below hold. It does not apply to existing connections greater than 10GWh per annum.

The circumstances in which we offer the option of an individually calculated tariff are where the connecting or augmenting party's apparent power requirement is greater than 2MVA, and one or more of the following exists:

- The impact of connection charges should be reflected in a dedicated tariff.
- Material network support benefits can be captured and shared.
- Material uneconomic network bypass risk exists.

Any customer offered an individually calculated tariff can still opt for Tariff 7.

## 6. Export tariff transition strategy

This chapter outlines the export tariff transition strategy and how we anticipate to phase in export pricing in future regulatory periods as required by clause 6.18.1A(a)(2A) of the NT NER.

### 6.1 Overview

Our export tariff transition strategy has been prepared in accordance with the requirements of the NT NER and the AER's guideline, which requires that our TSS should include:

- An outline of the pace and form of transitional measures for two-way pricing, such as timeframes for moving customers onto two-way tariffs, assignment policies (for example, opt in/opt out) and/or the gradual increase in cost reflectivity of export charges.
- Consideration of customer bill impact modelling which has informed the transition strategy.
- An explanation of how export tariff trials, if applicable, have influenced a distributor's tariff transition strategy.
- A description of how the export tariff transition strategy was developed in consultation with or, where appropriate, co-designed with stakeholders.
- An explanation of how the distributor conducted its stakeholder engagement, identified stakeholder concerns and how these were addressed in its proposal.

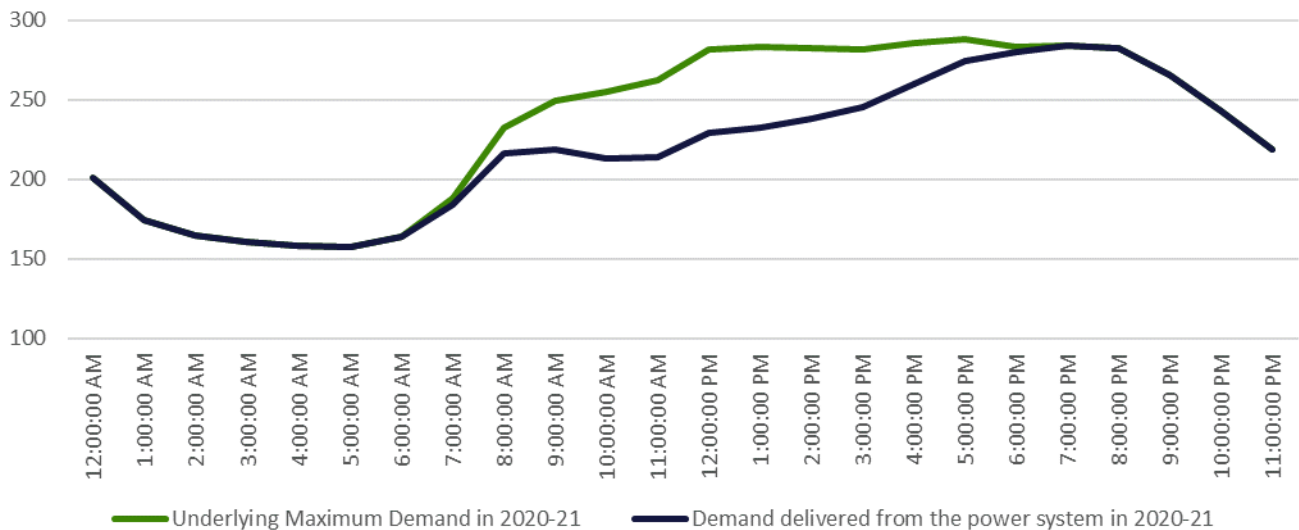
### 6.2 Peak demand and DER exports

Peak demand growth across our network has been relatively flat over the last decade. Due to the extreme heat experienced in the Northern Territory, demand for electricity is highest in the middle of the day in the October to April period.

Over the last five years, we have seen less demand for electricity from our network in these peak periods. This has largely been a result of customers using their own solar panels to energise their homes and businesses. Demand for electricity from our network has shifted to the early evening period when the sun is no longer shining.

Figure 6.1 shows the underlying energy demand compared to demand delivered by the network on the maximum day in the Darwin-Katherine electricity system in 2020-21. Increasing solar will not help curb peak demand over the next 20 years now that peak demand has shifted to the evening.

Figure 6.1: Maximum demand day profile (MW)



While the networks have some capacity to meet growth in peak demand, we anticipate that significant and systematic growth will necessitate a major need for new infrastructure at high cost. In this context, tariffs can play a key role in providing signals for customers to use energy outside of peak times. While our current tariffs include a peak charge, there is an opportunity to provide more targeted signals on the cost of network electricity in peak periods relative to times of spare capacity or minimum demand.

Network tariffs (if supported by Pricing Order reform) could incentivise customers to use more of their own solar, rather than exporting into the grid during these periods of high export demand. Additional demand in the middle of the day would also help increase load on minimum demand days. Both measures would help us lift constraints on solar exports.

### 6.3 Export tariff trial

Whilst we are not proposing to introduce an export tariff for the TSS in the 2024-29 period, we are still required by the NT NER to provide an export tariff transition strategy to signal our future intentions. We are proposing to introduce an export tariff trial during the next regulatory period once we have established our systems for LV system visibility and dynamic operating envelopes.

The electricity industry is undergoing rapid change and the push to decarbonise the energy supply and the increased decentralisation of energy generation. Tariff trials are essential to us successfully designing and testing future network charges that address the needs of both our future network and our customers.

We propose to collaborate with NT retailers and the NT Government to design targeted trials that can:

- Inform our future network tariff design.
- Provide evidence to support the NTG considering reform to the Pricing Order.

The network problems that the trial could aim to solve include understanding whether customers will adapt their export scale and timing due to export pricing or rebate signals or whether differing prices for static versus dynamic controls are warranted.

More information regarding our proposed export tariff trial and the current as well as future stakeholder engagement related to two-way pricing is discussed in our Explanatory Statement.

## 6.4 Basic export level

In applying the pricing principles, we must also address transitional arrangements in clause 11.141.13 of the NT NER, which require that we propose a basic export level (if applicable). For the next two regulatory periods, the transitional rule requires that we include, for each proposed export tariff, the basic export level threshold up to which a customer may export without charge or the manner in which the basic export level will be determined.

Whilst we are not proposing to introduce an export tariff for the next regulatory control period, in the interests of transparency we have outlined below our proposed approach and methodology for setting the basic export level. We will apply and test this methodology as part of the proposed export tariff trial.

The basic export limit is the amount of exports that we will choose to provide a customer for free prior to imposing an export price during the next two regulatory periods. We are proposing to determine the basic export levels for use in its export tariff trials with regard to:

- The export capacity of the distribution network (or part thereof) to the extent it requires minimal or no further investment – i.e. the network's intrinsic hosting capacity.
- Expected demand for export services in the distribution network (or part thereof).

In developing the methodology for determining our basic export levels, we will balance efficiency, complexity, understandability, fairness, and equity.

## 7. Alternative Control Services

The TSS provisions in the NT Rules apply to direct control services, which comprise standard control services and alternative control services. The preceding chapters of this TSS addressed the requirements in relation to standard control services.

The purpose of this chapter is to outline the alternative control services that we will provide during the 2024-29 regulatory control period and explain how charges for these will be structured and varied over that period. Note all fees shown in this chapter exclude GST (unless otherwise stated).

### 7.1 What Alternative Control Services are

We charge for our alternative control services on a user pays basis, so they are organised into three groups based on the type of service provided rather than customer characteristics.

The table below outlines our tariff classes for alternative control services, which reflect the nature of the services we provide and the AER's classification of services in its Final Framework and Approach for the next regulatory control period. Our tariff classes for alternative control services have been determined according to the classification of services set out in the AER's Framework and Approach Decision and the service groupings provided for in the AER's Service Classification Guideline.

In accordance with the Framework and Approach, we have applied the formulas to the maximum price for the first year to set the price paths for each subsequent regulatory year.

Our indicative prices for these services over the next regulatory control period for alternative control services are available at Appendix B and are consistent with our proposal for alternative control services in our regulatory proposal and the AER's Framework and Approach Decision.

Table 7.1: Alternative Control Service tariff classes

Service grouping	Service characteristics	Charging parameter
<b>Ancillary network services</b>	Includes services such as: provision of design information, access permits or clearances to work, network related property works, network safety services, network tariff change request, Retailer of Last Resort or customer requested network outage.	<p><b>Fixed fee</b> - Represented as a fixed rate (\$) per service. Reflects the estimated cost of providing each service and varies depending on the type of service requested.</p> <p><b>Quoted fee</b> - Represented as a quoted rate (\$) per service. The quoted price varies based on actual resources required to deliver the type of service requested.</p>
<b>Metering services - types 1-6 meters</b>	<p>Provide type 1 to 6 metering services as set out in chapter 7A of the NT NER, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Metering coordinator.</li> <li>• Metering provider, including: providing, installing, maintaining, inspecting, replacing, recovery and disposal, and testing meters.</li> </ul>	<p>We propose a simple schedule of three metering service provision charges. Assignment to a meter service provision charge is based on the type of metering installed at the property, either:</p> <ul style="list-style-type: none"> <li>• Single phase meter.</li> <li>• Three phase meter.</li> <li>• Low Voltage current transformer (CT).</li> </ul>



Service grouping	Service characteristics	Charging parameter
	<ul style="list-style-type: none"> <li>• Meter reading including scheduled and special meter reads (e.g. move in and move out meter reading, final read on removed meter).</li> <li>• Meter data services including collection, processing, management, delivery and storage of metering data.</li> </ul>	<ul style="list-style-type: none"> <li>• High Voltage transformer (VT).</li> </ul>
<b>Connection services</b>	<p>Includes services such as:</p> <ul style="list-style-type: none"> <li>• Basic, standard and negotiated connection services.</li> <li>• Enhanced connection services.</li> <li>• Connection management services.</li> </ul>	<p><b>Fixed fee</b> - Represented as a fixed rate (\$) per service. Reflects the estimated cost of providing each service and varies depending on the type of service requested.</p> <p><b>Quoted fee</b> - Represented as a quoted rate (\$) per service. The quoted price varies based on actual resources required to deliver the type of service requested.</p>

In the Framework and Approach, the AER proposed to maintain the price cap mechanism for alternative control services. The price cap control formulae will apply for metering and fee-based ancillary network services. For quoted services, the AER has added margin and tax components to the formula. The inclusion of a margin is consistent with the revenue and pricing principles in the National Electricity Law, which allows for a price or charge for a direct control service to include a return commensurate with the regulatory and commercial risks involved.

We charge for these services using either an approved fee, or a calculated charge using approved unit rates depending on service characteristics. The cost of these services is attributed to the customer who requested and receives these services and therefore the costs of providing the service are recovered from the relevant customer, rather than through our network tariffs.

## **Appendix A**

# **Indicative pricing schedule Standard Control Services**

## A.1 Indicative pricing schedule

A TSS must be accompanied by an indicative pricing schedule which sets out, for each tariff for each regulatory year of the regulatory period, the indicative price levels determined in accordance with the TSS. Our indicative prices for standard control services are attached separately to the TSS and provided in the AER's preferred excel format.

Table A.1: Indicative SCS prices (ex-GST \$ real 2023/24)

Tariff		Indicative rates				
		2024/25	2025/26	2026/27	2027/28	2028/29
<b>1</b>	<b>Residential Accumulation</b>					
	SAC Price (\$/NMI/day)	\$2.563431	\$2.810380	\$3.030776	\$3.285148	\$3.392132
	Energy Price (\$/kWh)	\$0.043873	\$0.048585	\$0.052925	\$0.058105	\$0.060438
<b>2</b>	<b>Non-Residential Accumulation</b>					
	SAC Price (\$/NMI/day)	\$1.522873	\$1.644831	\$1.785446	N/A	N/A
	Energy Price (\$/kWh)	\$0.084447	\$0.092132	\$0.101018	N/A	N/A
<b>3a</b>	<b>LV Smart Meter - Res</b>					
	SAC Price (\$/NMI/day)	\$1.859036	\$2.030822	\$2.210804	\$2.403689	\$2.392558
	Peak Price (\$/kWh)	\$0.451308	\$0.485118	\$0.515508	\$0.554481	\$0.603676
	Off-peak Price (\$/kWh)	\$0.016656	\$0.019395	\$0.022388	\$0.026201	\$0.028381
	Super Off-peak Price (\$/kWh)	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000

Tariff		Indicative rates				
		2024/25	2025/26	2026/27	2027/28	2028/29
<b>3b</b>	<b>LV Smart Meter - Small Comm</b>					
	SAC Price (\$/NMI/day)	\$0.987593	\$1.787063	\$1.961733	\$2.237528	\$2.274487
	Peak Price (\$/kWh)	\$0.290706	\$0.312484	\$0.332059	\$0.357164	\$0.388852
	Off-peak Price (\$/kWh)	\$0.096014	\$0.089875	\$0.104617	\$0.128439	\$0.142080
	Super Off-peak Price (\$/kWh)	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
<b>3c</b>	<b>LV Smart Meter - Large Comm</b>					
	SAC Price (\$/NMI/day)	\$8.487102	\$9.445471	\$11.593924	\$13.145318	\$13.003466
	Peak Price (\$/kWh)	\$0.262718	\$0.282399	\$0.300090	\$0.322778	\$0.351415
	Off-peak Price (\$/kWh)	\$0.039695	\$0.047090	\$0.061292	\$0.074801	\$0.080523
	Super Off-peak Price (\$/kWh)	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
<b>4</b>	<b>Unmetered Supply</b>					
	Energy Price (\$/kWh)	\$0.104803	\$0.111430	\$0.118476	\$0.125968	\$0.124945
<b>5</b>	<b>LV Majors</b>					
	SAC Price (\$/NMI/day)	\$133.792290	\$146.812163	\$165.757848	\$185.684279	\$186.785493
	Energy Price (\$/kWh)	\$0.004481	\$0.006135	\$0.006997	\$0.007939	\$0.008045
	On-Season Peak Period Price (\$/kVA/month)	\$16.224904	\$16.675824	\$17.027018	\$17.378371	\$17.655506

Tariff		Indicative rates				
		2024/25	2025/26	2026/27	2027/28	2028/29
	Off-Season Peak Period Price (\$/kVA/month)	\$5.929156	\$6.093938	\$6.222277	\$6.350674	\$6.451949
<b>6</b>	<b>HV Smart Meters</b>					
	SAC Price (\$/NMI/day)	\$107.300093	\$103.906041	\$102.060864	\$99.886813	\$90.094389
	Energy Price (\$/kWh)	\$0.032493	\$0.031783	\$0.031534	\$0.031259	\$0.028402
	On-Season Peak Period Price (\$/kVA/month)	\$7.546026	\$8.277768	\$9.035602	\$8.814315	\$9.439633
	Off-Season Peak Period Price (\$/kVA/month)	\$2.615017	\$2.868597	\$3.131218	\$4.513414	\$5.055540
<b>7</b>	<b>HV Super Users</b>					
	SAC Price (\$/NMI/day)	\$707.115412	\$763.568839	\$812.965427	\$859.382008	\$849.283159
	Energy Price (\$/kWh)	\$0.022622	\$0.021758	\$0.021465	\$0.021109	\$0.019312

## **Appendix B**

# **Indicative pricing schedule Alternative Control Services**

## B.1 Indicative price schedule

A TSS must be accompanied by an indicative pricing schedule which sets out, for each tariff for each regulatory year of the regulatory period, the indicative price levels determined in accordance with the TSS. Our indicative prices for alternative control services are attached separately to the TSS and provided in the AER's preferred excel format.

Table B.1: Indicative ACS fee-based services rates (ex-GST \$ real 2023/24)

Service	Basis of charging	2024/25	2025/26	2026/27	2027/28	2028/29
Provision of 3 phase service	\$/Request	2,613.70	2,652.80	2,671.88	2,683.37	2,703.47
Standard temporary builder's connection	\$/Request	1,121.92	1,138.71	1,146.90	1,151.83	1,160.46
Class 1 & 2 PV service	\$/Request	207.07	210.17	211.68	212.59	214.18
Class 3 PV Assessment	\$/Request	2,222.87	2,256.12	2,272.35	2,282.12	2,299.22
Temporary disconnection and reconnection - no dismantling	\$/Request	672.80	682.87	687.78	690.74	695.91
Temporary disconnection and reconnection - physical dismantling	\$/Request	2,069.30	2,100.26	2,115.36	2,124.46	2,140.38
Complex disconnection	\$/Request	766.88	778.35	783.95	787.32	793.22
Disconnection (and final read)	\$/Request	111.10	112.76	113.57	114.06	114.91
Reconnection	\$/Request	113.64	115.34	116.17	116.67	117.55
Reconnection - after hours	\$/Request	715.67	726.38	731.60	734.75	740.25
Wasted visit fee	\$/Request	349.69	354.92	357.47	359.01	361.70
After Hours - non reconnections - uplift 1.23 x business hours charge	\$/Request	-	-	-	-	-
Historical data requests	\$/Request	266.17	270.15	272.10	273.27	275.31
Standing data requests	\$/Request	88.72	90.05	90.70	91.09	91.77
Customer transfers	\$/Request	354.90	360.20	362.79	364.36	367.08
Network tariff change request	\$/Request	88.72	90.05	90.70	91.09	91.77
Installation of Minor Apparatus	\$/Request	899.89	913.36	919.92	923.88	930.80
Special meter test	\$/Request	565.69	574.15	578.28	580.77	585.12

Service	Basis of charging	2024/25	2025/26	2026/27	2027/28	2028/29
Exchange or replace meter – three phase	\$/Request	1,131.79	1,148.72	1,156.98	1,161.96	1,170.67
Exchange or replace meter - single phase	\$/Request	760.58	771.96	777.51	780.85	786.70
Relocation of meter	\$/Request	589.36	598.18	602.48	605.07	609.60
Remove meter	\$/Request	589.36	598.18	602.48	605.07	609.60
General meter inspection	\$/Request	281.66	285.87	287.93	289.17	291.33
Special meter read - no appointment	\$/Request	79.31	80.50	81.08	81.43	82.04
Special meter read - appointment	\$/Request	162.50	164.93	166.12	166.83	168.08
Meter program change	\$/Request	329.00	333.92	336.32	337.77	340.30
Install modem on smart ready meter	\$/Request	462.01	468.92	472.30	474.33	477.88
Prepayment Vending Charge	\$/Request	0.60	0.61	0.61	0.62	0.62
Prepayment Meter Support	\$/Request	147.92	150.13	151.21	151.86	153.00

Table B.2: ACS Quoted Services (ex GST, Real 2023-24)

Service	Basis of charging	2024/25	2025/26	2026/27	2027/28	2028/29
<b>Business hours</b>						
Internal - Tech	\$/hour	236.69	240.24	241.96	243.00	244.82
Internal - Admin	\$/hour	177.45	180.10	181.40	182.18	183.54
Internal - Comms	\$/hour	236.69	240.24	241.96	243.00	244.82
Internal - Engineering	\$/hour	282.58	286.81	288.87	290.11	292.28
<b>After hours</b>						
Internal - Tech	\$/hour	295.49	297.61	298.89	301.13	295.49
Internal - Admin	\$/hour	221.53	223.12	224.08	225.76	221.53
Internal - Comms	\$/hour	295.49	297.61	298.89	301.13	295.49
Internal - Engineering	\$/hour	352.77	355.31	356.84	359.51	352.77



Table B.3: Metering ACS rates (ex GST real 2023/24)

Service	Basis of charging	2024/25	2025/26	2026/27	2027/28	2028/29
Single phase meters (including prepayment)	\$/Day/Meter	110.16	115.53	121.16	127.07	133.27
Three phase direct connected meters (including 3 single phase meters on a single NMI)	\$/Day/Meter	145.95	153.06	160.53	168.36	176.57
Low voltage current transformer metering	\$/Day/Meter	582.42	610.82	640.61	671.85	704.62
High voltage metering	\$/Day/Meter	2,009.45	2,107.45	2,210.22	2,318.00	2,431.05

## Appendix C

# Compliance requirements

## C.1 Compliance requirements

The following table provides an overview of the NT NER compliance obligations that relate to the development of our TSS.

Table C.1: Compliance requirements contained in the NT NER

Rule reference	Requirement	Demonstration of compliance
<b>6.8.2(c)(7)</b>	A description of how the proposed TSS complies with the pricing principles for direct control services, including a description of where there has been any departure and an explanation of that departure.	Explanatory Statement
<b>6.8.2(c1)(1)</b>	The regulatory proposal must be accompanied by an overview paper in reasonably plain language which includes each of the following matters: (1) a summary to explain: the regulatory proposal; the proposed tariff structure statement including the export tariff transition strategy; the interrelationship between the elements of the regulatory proposal; the interrelationship between the regulatory proposal and performance; and the interrelationship between the proposed tariff structure statement and relevant elements of the regulatory proposal (including the proposed connection policy and capital expenditure or operating expenditure);	TSS Overview Paper
<b>6.8.2(d1)</b>	The proposed tariff structure statement must be accompanied by an indicative pricing schedule.	Appendix A
<b>6.8.2(d2)</b>	The proposed tariff structure statement must comply with the pricing principles for direct control services.	Entire TSS – particularly Chapter 3 Explanatory Statement

Rule reference	Requirement	Demonstration of compliance
<b>6.18.1A(a)(1)</b>	A tariff structure statement of a Distribution Network Service Provider must include the tariff classes into which retail customers for direct control services will be divided during the relevant regulatory control period.	Standard Control Service – Chapter 2 Alternative Control Service – Chapter 7
<b>6.18.1A(a)(2)</b>	A tariff structure statement of a Distribution Network Service Provider must include the policies and procedures that will apply for assigning retail customers to tariffs or reassigning retail customers from one tariff to another (including any applicable restrictions).	Chapter 5 Appendix D
<b>6.18.1A(a)(2A)</b>	A description of the strategy or strategies Power and Water has adopted, taking into account the pricing principle in clause 6.18.5(h), for the introduction of export tariffs including where relevant the period of transition (export tariff strategy).	Chapter 6 Explanatory Statement
<b>6.18.1A(a)(3)</b>	A tariff structure statement of a Distribution Network Service Provider must include the structures for each proposed tariff.	Chapter 4
<b>6.18.1A(a)(4)</b>	A tariff structure statement of a Distribution Network Service Provider must include the charging parameters for each proposed tariff.	Chapter 4
<b>6.18.1A(a)(5)</b>	A tariff structure statement of a Distribution Network Service Provider must include a description of the approach that Power and Water will take in setting each tariff in each pricing proposal of the control period in accordance with clause 6.18.5.	Chapter 3
<b>6.18.1A(b)</b>	This tariff structure statement must comply with the pricing principles for direct control services, contained in clause 6.18.5.	Entire TSS – particularly Chapter 3 Explanatory Statement
<b>6.18.1A(e)</b>	This tariff structure statement must be accompanied by an indicative pricing schedule which sets out, for each tariff for each regulatory year of the regulatory control period, the indicative price levels determined in accordance with this tariff structure statement.	Appendix A

Rule reference	Requirement	Demonstration of compliance
<b>6.18.3</b>	<p>Each retail customer for direct control services must be a member of 1 or more tariff classes.</p> <p>Separate tariff classes must be constituted for retail customers to whom standard control services are supplied and retail customers to whom alternative control services are supplied (but a retail customer for both standard control services and alternative control services may be a member of 2 or more tariff classes).</p> <p>A tariff class must be constituted with regard to:</p> <p>the need to group retail customers together on an economically efficient basis; and</p> <p>the need to avoid unnecessary transaction costs.</p>	Chapter 2
<b>6.18.4</b>	A Distribution Network Service Provider's decision to assign a customer to a particular tariff class, or to re-assign a customer from one tariff class to another should be subject to an effective system of assessment and review	Chapter 5 Appendix D
<b>6.18.5</b>	A Distribution Network Service Provider's tariffs must comply with the pricing principles	Entire TSS – particularly Chapter 3 Explanatory Statement
<b>6.18.6</b>	The expected weighted average revenue to be raised from a tariff class for a particular regulatory year of a regulatory control period must not exceed the corresponding expected weighted average revenue for the preceding regulatory year in that regulatory control period by more than the permissible percentage.	Chapter 3
<b>11.141.13(a)(1)</b>	Since this tariff structure statement will apply during the tariff transition period for Power and Water, it must include, for each proposed export tariff, the basic export level or the manner in which the basic export level will be determined.	Chapter 6 Explanatory Statement
<b>11.141.13(a)(2)</b>	Since this tariff structure statement will apply during the tariff transition period for Power and Water, it must include the eligibility conditions applicable to each proposed export tariff.	Chapter 6

## C.2 Pricing Principles

The pricing principles mentioned above are set out in Chapter 6 of the NT NER. This appendix discusses the key elements of relevance to Power and Water for this tariff structure statement. A TSS must comply with the pricing principles for direct control services.

The following table lists the relevant principles and indicates the section below whereby that principle is further discussed.

Table C.2: Pricing Principles in the NT NER

Principle reference	Requirement	Demonstration of compliance
<b>6.18.5(e)</b>	For each tariff class, the revenue expected to be recovered must lie on or between: <ul style="list-style-type: none"> <li>(1) an upper bound representing the stand-alone cost of serving the retail customers who belong to that class; and</li> <li>(2) a lower bound representing the avoidable cost of not serving those retail customers.</li> </ul>	Chapter 3
<b>6.18.5(f)</b>	Each tariff must be based on the long run marginal cost of providing the service to which it relates to the retail customers assigned to that tariff with the method of calculating such cost and the manner in which that method is applied to be determined having regard to: <ul style="list-style-type: none"> <li>(1) the costs and benefits associated with calculating, implementing and applying that method as proposed;</li> <li>(2) the additional costs likely to be associated with meeting demand from retail customers that are assigned to that tariff at times of greatest utilisation of the relevant service; and</li> <li>(3) the location of retail customers that are assigned to that tariff and the extent to which costs vary between different locations in the distribution network.</li> </ul>	Chapter 3
<b>6.18.5(g)</b>	The revenue expected to be recovered from each tariff must: <ul style="list-style-type: none"> <li>(1) reflect Power and Water's total efficient costs of serving the retail customers that are assigned to that tariff;</li> <li>(2) when summed with the revenue expected to be received from all other tariffs, permit Power and Water to recover the expected revenue for the relevant services in accordance with the applicable distribution determination for Power and Water; and</li> </ul>	Chapter 3

Principle reference	Requirement	Demonstration of compliance
	(3) comply with sub-paragraphs (1) and (2) in a way that minimises distortions to the price signals for the efficient usage of the relevant service that would result from tariffs that comply with the pricing principle set out in paragraph (f).	
<b>6.18.5(h)</b>	<p>Power and Water must consider the impact on retail customers of changes in tariffs from the previous regulatory year and may vary tariffs from those that comply with paragraphs (e) to (g) to the extent Power and Water considers reasonably necessary having regard to:</p> <ul style="list-style-type: none"> <li>(1) the desirability for tariffs to comply with the pricing principles referred to in paragraphs (f) and (g), albeit after a reasonable period of transition (which may extend over more than one regulatory control period);</li> <li>(2) the extent to which retail customers can choose the tariff to which they are assigned; and</li> <li>(3) the extent to which retail customers are able to mitigate the impact of changes in tariffs through their decisions about usage of services.</li> </ul>	Chapter 3
<b>6.18.5(i)</b>	<p>The structure of each tariff must be reasonably capable of:</p> <ul style="list-style-type: none"> <li>(1) being understood by retail customers that are or may be assigned to that tariff (including in relation to how decisions about usage of services or controls may affect the amounts paid by those customers; or</li> <li>(2) being directly or indirectly incorporated by retailers or Market Small Generation Aggregators in contract terms offered to those customers,</li> </ul> <p>having regard to information available to Power and Water, which may include:</p> <ul style="list-style-type: none"> <li>(3) the type and nature of those retail customers;</li> <li>(4) the information provided to, and the consultation undertaken with, those retail customers; and</li> <li>(5) the information provided by, and consultation undertaken with, retailers and Market Small Generation Aggregators.</li> </ul>	Chapter 3

## Appendix D

# Network tariff assignment and reassignment process



## D.1 Assignment steps

Our assessment to assign or reassign customers to the appropriate tariff has two steps:

- *Step 1 Assigning the customer to a tariff class:* The customer is assigned to the appropriate tariff class based on the tariff class assignment criteria outlined above.
- *Step 2 Assigning the customer to the appropriate tariff:* Once the customer is assigned to the appropriate tariff class, the tariff is determined based on the customer's metering characteristics and end use, specified against the criteria applicable to each tariff in the tariff class. This is based on the tariff eligibility criteria outlined above.

This process and the annually published tariff schedule provide the customer or customer's representative with the necessary information to select the tariff when applying for a tariff assignment or reassignment.

## D.2 When assignment occurs

### D.2.1 Assignment of existing customers to tariff classes at the commencement of the regulatory control period

Our customers will be taken to be assigned to the tariff class which we were charging that retailer immediately prior to 1 July 2024, if:

- they were a customer prior to 1 July 2024; and
- continue to be a customer as at 1 July 2024.

### D.2.2 Assignment of new customers

- When a customer connects to one of our networks and they are allocated a NMI; and
- Where a new connection occurs, we will use the information collected from the customer, the customer's representative or the retailer's business to business (**B2B**) service request to assign the customer to the appropriate tariff.

## D.3 How assignment occurs

Our procedures for assignment of customers to tariff classes and tariffs are as follows.

When a new customer is assigned to a tariff, that tariff will continue to apply until such time as the reassignment is triggered as a result of a change in the customer's load profile, connection or metering characteristics, and consequently either:

- we initiate the tariff reassignment
  - where the reassignment is due to changes in annual consumption (after providing the customer or their retailer notice prior to the reassignment); or

- where the reassignment is due to installation of a smart meter that replaces an accumulation meter, Power and Water will notify the retailer through the existing business to business (B2B) process for meter exchange; or
- the customer or the customer's representative applies for a tariff reassignment. Where the customer or the customer's representative wants to make a request for a tariff reassignment, they must apply in writing by using the Tariff Reassignment Request Form. In such cases the customer or the customer's representative will be charged the Network tariff change request fee. Note that no fee will apply where the amendment was due to a tariff assignment error made by Power and Water.<sup>5</sup>

Whether the customer, the customer's representative or Power and Water initiates a tariff reassignment, we will use the procedure described below to reassign the customer to the appropriate tariff.

## D.4 Reassignment initiated by Power and Water

### D.4.1 When reassignment occurs

A reassignment is triggered:

- Following a review conducted by Power and Water:
  - we will trigger a reassignment as a result of the change in the customer's eligibility; and
  - we will apply the procedure as detailed below to assign the customer to the appropriate tariff for commencement on 1 July.
- Following installation of a smart meter that replaces an accumulation meter.
- When a customer or their retailer requests a reassignment:
  - where a change of circumstance occurs, the customer or the customer's representative or retailer notify us in writing advising the change in occupancy using the Tariff Reassignment Request form, to enable us to assess that the customer is on the appropriate tariff; and
  - where the completed request form is received prior to the 15th of the calendar month, and no additional information is required, the new tariff assignment (if approved) will take effect from the commencement of the next billing cycle. The new tariff assignment will not take effect until we advise the applicant in writing of the approval and effective date of the new tariff assignment.

During the regulatory control period, we will review customers' consumption at least annually. This review will include assessing:

- the customer's consumption level at the NMI, where assessment will be for the prior 12-month period (where available), from 1 February through to 31 January;
- whether the customer's tariff assignment is correct; and
- whether the customer's consumption level warrants priority installation of a smart meter.

Any tariff class and/or tariff reassignment resulting from our review, and the resulting new charges, will commence from 1 July.

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<sup>5</sup> Whilst a customer or the customer's retailer may request a reassignment we may determine that a reassignment is not warranted. We may also charge for the assessment and recover its costs as an ACS.

Where we believe a customer should be reassigned we will notify the customer or retailer directly in writing. The customer or retailer will have an opportunity to comment on the outcomes of this assessment from 1 March through to 31 March.

For new customers, six months after connection we may review their actual consumption to ensure the customer is assigned to the appropriate tariff. In the event we believe a tariff reassignment is required we will notify the customer or retailer directly in writing and provide the customer or retailer with an opportunity to comment on the assessment.

## D.5 Reassignment initiated by a customer or retailer

Customers and the customer's retailer should monitor the suitability of the network charge applied. Where a customer or customer's retailer identifies the existing tariff is not suitable, they must advise us of the need for reassignment.

Customers and retailers may formally request that we review the assignment applied. Upon payment of the *Network tariff change request* fee we will review and update the tariff assignment where:

- recent consumption indicates the NMI has moved tariff class, based upon:
  - the latest 12 months of consumption; or
  - where consumption has recently changed permanently, a forecast of the next 12 months consumption based on the latest three months of consumption; or
- the site's primary purpose has changed, and its associated consumption level is forecast to change or that the primary purpose has changed from residential to non-residential use.

To formally request a change in assignment, the customer or retailer will need to submit (and pay for)<sup>6</sup> their request by the 15th of the calendar month. We will then:

- undertake the assessment and advise the customer or retailer of their acceptance or rejection in writing. Where the application is not approved, we will advise the applicant of the reasons; and
- where relevant, change the assignment from the start of the next billing cycle.

In general, customers and customer's retailers may make one application for reassignment in any 12-month period per connection point. We will consider exceptions on a case-by-case basis.

With regards to unmetered connections and associated deemed billable usage, the customer or retailer will need to submit their request (including detailed information on the change in device or operation and deemed billable usage) by the end of the second calendar month of the quarterly billing cycle. We will then:

- undertake the assessment and advise the customer or retailer of their acceptance or rejection in writing by the 25th of the final month of the billing cycle; and
- change the deemed billable usage from the next billing period.

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<sup>6</sup> Note that no fee will apply where the amendment was due to a Power and Water error.

Where the applicant is someone other than the customer or customer's retailer, the applicant will be required to obtain authorisation from the customer to deal with us on their behalf. The applicant will also take responsibility of communicating the outcome of the tariff reassignment to the customer or retailer.

## D.6 Dispute Resolution and Objections

We must allow retailers to object to a network charge reassignment decision made by us. The objection procedure allows retailer's to formally request a review of the network charge reassignment decision.

The following steps will be applied as part of the objection procedure:

- Retailers must submit an objection in writing. Supporting evidence or documentation related to the decision being reviewed must be provided by the retailer. Retailers should make reference to their customer's load, connection and metering characteristics as part of the network charge reassignment objection.
- The objection and supporting information and documentation will be emailed to [PNRegulationGroup.PWC@powerwater.com.au](mailto:PNRegulationGroup.PWC@powerwater.com.au).
- Power and Water's Pricing Manager will review the objection, including any documentation provided. In reviewing the objection, the Network Pricing Manager must assess if the original decision complied with its published process for Network Charge Assignment and Reassignment.
- Within 20 days of receiving the objection, Power and Water must notify the customer's retailer, and where appropriate the customer, in writing of the outcome of the Network Pricing Manager's review and reasons for accepting or rejecting the objection.
- If Power and Water believes the objection review process will take longer than 20 business days, we will advise the retailer, and where appropriate the customer.

If an objection to an assignment or reassignment is upheld:

- If the objection is received within 20 business days from the date the retailer was advised of the original network charge reassignment decision, we will apply the changes from the last actual meter read date prior to the original network charge reassignment application.
- If the objection is received after 20 business days from the date the retailer was advised of the original network charge reassignment decision, we will apply the changes from the last actual read date prior to the date the completed objection form is received.
- If Power and Water requests further information from the retailer pertaining to the objection, and such information is not provided within 20 business days from the date requested, we will apply the changes following a subsequently successful objection from the last actual read date prior to the date the additional requested information is received.
- Any adjustment to network charges billed to retailers, or directly to customers, because of upholding an objection to an assignment or reassignment, we must do as part of the normal billing process, including of any compensation relating to the time value of money.
- If an objection to a tariff class assignment or reassignment is upheld, then any adjustment which needs to be made to tariff levels will be done by us as part of the next annual review of prices.

- If any objection is not satisfactorily resolved under Power and Water's internal review procedure within a reasonable timeframe, then to the extent that the matter relates to a small retail customer and resolution of such disputes are within the jurisdiction of the Energy Ombudsman, the retail customer is entitled to escalate the matter to the Ombudsman.
- If the objection is not resolved to the satisfaction of the retail customer under Power and Water's internal review procedure or ombudsman processes, then the retail customer is entitled to seek a decision of the AER via the dispute resolution process available under Part 10 of the National Electricity Law (**NEL**).

## Contact

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**PowerWater** 