



23 March 2023

Paul Harrigan
Director | Pricing | Network Pricing
Australian Energy Regulator
Level 25 | 32 Turbot Street, Brisbane QLD 4000

Submission via email: AERPricing@aer.gov.au

Sub-threshold tariff notification

CitiPower, Powercor and United Energy would like to notify the Australian Energy Regulator (AER) that we are planning to introduce trial tariff from 1 July 2023 in our pricing proposal, under Section 6.18.1C of the National Electricity Rules which meets all the requirements.

The trial tariff that will be available from 1st July 2023 to 30th June 2026 for all three businesses is:

- Generator trial tariff

Our current 12-month rolling demand charge is calculated from 7am to 7pm and in many locations on our networks there is ample capacity around midday when it makes sense for batteries to import power to our network. Subsequently, our demand charge is penalising this behaviour, this tariff will facilitate battery integration into the grid. The demand charge is also based on real power (kW) and independent of reactive power which generators often import from the network to support voltage stability.

Batteries are essential for the transition to renewable generation, and we expect this tariff will facilitate battery growth and send sharper network price signals.

We are committed to encourage innovation and offer our customers more cost reflective tariffs that will provide benefit and lower costs for customers.

We have provided more details on our tariff in our tariff trial notification templates submitted for each business separately.

Should you have any queries, please contact Mark De Villiers on [REDACTED] or [REDACTED]

Yours sincerely,

[REDACTED]

Mark De Villiers
Head of Regulatory Finance, Modelling and Pricing
CitiPower, Powercor and United Energy

Distributor	Powercor
Total cumulative revenue of all sub-threshold tariffs (\$ and % AAR)	\$0.5 million, equivalent to 0.07% AAR Note: This is the forecast annual revenue from all sub-threshold tariffs for the upcoming regulatory year. Includes sub-threshold tariffs which commenced in previous years and are continuing. Measured against TAR during annual pricing per NER cl. 6.18.1C(a)(2).
Confirmation for publication	We confirm that this document contains no commercial or private information, and we provide permission for the AER to publish this notification on the AER website.

Name of trial	Generator trial tariff						
Objectives of trial	Our 12-month rolling demand charge is calculated from 7am to 7pm and in many locations on our networks there is ample capacity around midday when it makes sense for batteries to import power to our network. Subsequently, our demand charge is penalising this behaviour, this tariff will facilitate battery integration into the grid. The demand charge is also based on real power (kW) and independent of reactive power which generators often import from the network to support voltage stability.						
Retailer engagement	None						
Consumer engagement	Eligible customers will be notified by letters and presentation on the trial tariff provided at a generator forum which included some battery proponents						
Expected consumer and/or retailer response	Batteries are essential for the transition to renewable generation and we expect this tariff will facilitate battery growth and send sharper network price signals						
Proposed tariff (structure and pricing)	<ul style="list-style-type: none"> • kW demand charge based on the highest 30-minute demand measured over the last 12 months for only 4-9pm or only 11am-4pm, every day of year, local time • No minimum demand will be applied • Site will be assigned to either the 4-9pm or 11am-4pm demand measurement window based on the timing of network peak demand in their supply area • For new connections, demand will be measured from the date of connection until 12 months of data is available • For existing sites, demand will be measured over the previous 12 months or from the connection date if connection occurred in the last 12 months • Anytime c/kWh energy rate for imported energy <table border="1" data-bbox="518 1697 1471 1895"> <thead> <tr> <th>Charge item</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>12-month rolling demand charge</td> <td>\$8 per kW per month</td> </tr> <tr> <td>Anytime imported energy</td> <td>2 c/kWh</td> </tr> </tbody> </table>	Charge item	Rate	12-month rolling demand charge	\$8 per kW per month	Anytime imported energy	2 c/kWh
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12-month rolling demand charge	\$8 per kW per month						
Anytime imported energy	2 c/kWh						
Links to TSS strategy and Export tariff transition strategy (if applicable)	Learnings from this tariff trial will help inform the design of generator and battery tariffs						

Forecast revenue (\$ and % AAR)	\$0.5 million, equivalent to 0.06% AAR for the upcoming regulatory year Note: Measured against TAR during annual pricing per NER cl. 6.18.1C(a)(1).
Trial start date	1 July 2023
Duration of trial	3 years – the remainder of this regulatory period
Potential changes and triggers	none
Notification date	28 February 2022
Optional information	
Forecast volumes	
Potential additions	
Location of trial	
Other	