



Ausgrid's 2024-25 Pricing Proposal

Overview Document

Empowering communities for a resilient,
affordable and net-zero future.



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1. Executive Summary

Ausgrid submits this pricing proposal for 2024-25, the first year of the 2025-29 regulatory control period, to the Australian Energy Regulator (AER) in accordance with the requirements of the National Electricity Rules (NER).

On 30 April 2024, the AER released its final decision on Ausgrid's electricity distribution determination for the 2024-29 regulatory control. This includes the AER's decision on our Tariff Structure Statement (TSS) for the 2024-29 control period. Our approved TSS is published on both the AER's website and the Ausgrid website.

Our pricing proposal for standard control services is based on the approved TSS. It also provides a schedule of charges for alternative control services (ACS) (public lighting, ancillary network services (ANS) and metering services) based on the AER's final determination.

Our pricing proposal results in an 18.1% increase in network revenue (NUOS) from 2023-24 to 2024-25. This is as a result of NSW jurisdictional schemes, increases in Transgrid transmission revenues, and increases in Ausgrid's costs. Changes to Ausgrid's costs are largely driven by economic factors outside our control such as inflation and higher interest rates.

A 'typical' residential customer on a legacy flat energy tariff with energy consumption of 5 MWh per year has a \$104 (17.8%) increase in the network component of the annual bill from 2023-24 to 2024-25.

The following is a list of documents that form part of this proposal:

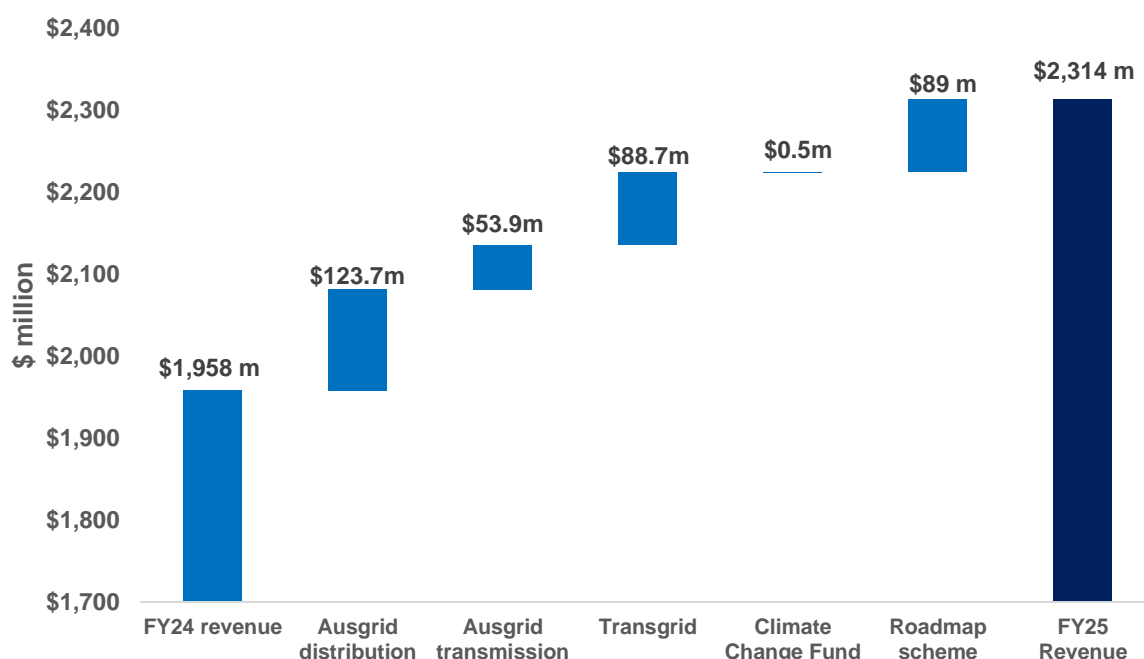
- Ausgrid's 2024/25 pricing proposal cover letter – public and confidential versions
- Ausgrid's 2024/25 price proposal overview document (**this document**) – public and confidential versions
- Attachment A - Statement of compliance – public and confidential versions
- Attachment B - SCS pricing model - public
- Attachment C - SCS pricing model - confidential
- Attachment D - ACS pricing model - public
- Attachment E – Retailer of last resort (RoLR) source data - confidential

2. Annual Revenue

The AER's 2024-29 Determination for Ausgrid established our smoothed revenue allowance for 2024-25 and methodology to calculate the resulting revenue targets. Our network revenue (NUOS) is expected to increase by 18.1% from 2023-24 to 2024-25.

Figure 1 below shows the changes to revenue by each component of network revenue, and the resulting total 2024/25 target. We have set our proposed network tariffs for 2024-25 to recover this revenue target. The change to revenue is driven by the NSW Government's Electricity Infrastructure Scheme (Roadmap), Transgrid's transmission revenues, and increases in Ausgrid's costs.

Figure 1: Projected annual revenue increase (FY24 to FY25) by component



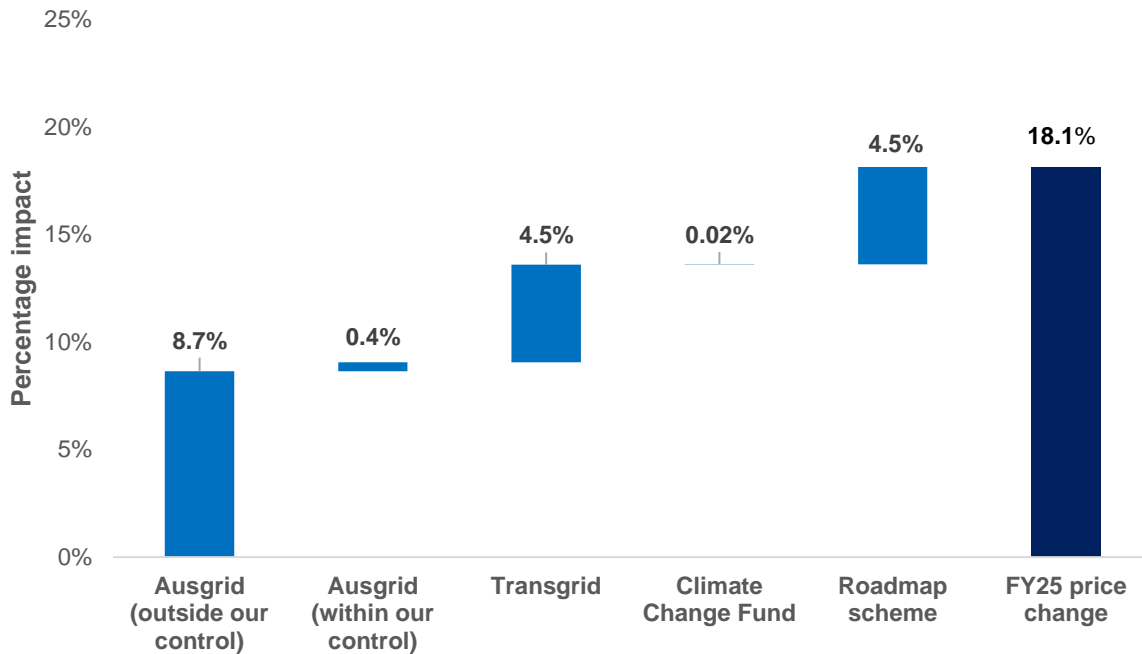
The Roadmap costs have increased by \$89 million (147%) compared to the current year. These costs cover financial support for new renewable generation and storage investment, network investment and the administration costs of Roadmap entities. It is expected that Roadmap costs will continue to grow each year as additional renewable, storage and network investment is built.

Ausgrid recovers part of the Transgrid transmission revenue in its network prices. This component has increased by \$89 million (47%) and is mostly due to intraregional market settlement residues returning to normal levels after a significant surplus in the previous year. These residues are received by Transgrid from the Australian Energy Market Operator.

Changes to Ausgrid's costs are due to factors largely outside its control, with higher interest rates, inflation, higher cost of capital and adjustments in insurance premiums driving much of the increase.

Figure 2 shows the component changes to revenue as a percentage impact. The Ausgrid increase is shown separately as changes we consider are within Ausgrid’s control, and outside our control.

Figure 2: Percentage change to revenue (FY24 to FY25) by component



As part of the 2024-29 regulatory process we consulted on the cost increases considered within our control. These include additional costs for:

- Improving customer experience by making connection processes easier and increasing support for our delivery partners;
- Transforming the grid by prioritising innovation and continued transformation through modernising our systems;
- Delivering net zero by investing to allow 1 million customer energy assets to connect beyond 2029; and
- Building resilience by protecting against cyber attacks and reducing the impact of outages caused by severe weather.

3. Network Tariff Impacts

Our pricing proposal results in an 18.1% increase in average network charges (NUOS) from 2023-24 to 2024-25.

A ‘typical’ residential customer on a legacy flat energy tariff with energy consumption of 5 MWh per year has a \$104 (17.8%) increase in the network component of the annual bill from 2023-24 to 2024-25.

A ‘typical’ small business customer on a legacy flat energy tariff with energy consumption of 10 MWh per year has an increase of \$257 (19.7%) in the network component of the annual bill from 2023-24 to 2024-25.

A ‘typical’ medium size business customer with energy consumption of 126 MWh pa will have their network bill increased by \$2,092 (19.7%) in 2024-25. A ‘typical’ medium sized business customer with energy consumption of 342 MWh per year will have an increase of \$5,910 (19.8%) in 2024-25.

Network charges for our large (using more than 750 MWh per year) customers connected at low voltage are expected to increase by 19.7%. Customers supplied with high voltage and the sub-transmission tariffs will face expected network charge increases of 19.5% and 20.0% respectively.

The changes for the main network tariffs are summarised in the table below.

Table 2. Average FY25 network bill impacts by tariff

Tariff code	Tariff description	Typical customer energy MWh pa	FY25 network bill ex GST	% annual change
EA010	Residential flat	5	\$689	17.8%
EA025	Residential TOU	5	\$683	17.8%
EA116	Residential demand	5	\$666	17.8%
EA030	Controlled load 1	2	\$54	23.1%
EA040	Controlled load 2	2	\$114	1.5%
EA050	Small business flat	10	\$1,559	19.7%
EA225	Small business TOU	10	\$1,552	19.7%
EA256	Small business demand	10	\$1,405	24.3%
EA302	LV business 60-160 MWh pa	126	\$12,686	19.7%
EA305	LV business 160-750 MWh pa	342	\$35,829	19.8%
EA310	LV business above 750 MWh pa	1,626	\$124,400	19.7%
EA370	High voltage	4,138	\$215,014	19.5%
EA390	Sub-transmission	8,757	\$266,286	20.0%

4. Changes to Tariffs and Tariff Structures

On 1 July 2024, Ausgrid will make several changes to its network tariff structures. This is part of a five-year update, as allowed under the regulatory framework for distribution network tariffs. The full details of these changes can be found in the following documents:

- Tariff Structure Statement 2024-29
- Tariff Structure Explanatory Statement 2024-29
- Ausgrid ES7 Network Price Guide

These documents are available on the Ausgrid website ([link](#)).

4.1 Changes to tariff charging components

From 1 July, our peak energy window will become 3pm to 9pm for all customers and will be extended to weekends for residential customers. The current winter period of 5pm to 9pm will also move to 3pm to 9pm. From 1 July, demand and capacity charges will apply during the new peak window times.

Two existing network tariff charging components will be withdrawn from 1 July:

- The existing shoulder period will be merged with the off-peak period for all customers, creating a new, longer off-peak period (that extends over more hours).
- The low season peak demand charge will be removed and small customer demand charges will not apply outside of the “high season” period.

The changes for small customers are summarised in the table below. The peak period described in this table applies to both demand and energy charges.

Table 1 Seasonal charging windows to apply from 1 July 2024.

	Residential	Small business
November to March (summer) and June to August (winter)	Peak 3pm-9pm all days Off-peak all other times	Peak 3pm-9pm working weekdays Off-peak all other times
April, May, September, October	Off-peak at all times	Off-peak at all times

For large business customers, capacity charges will continue to apply on working weekdays and peak energy charges in high season months.

4.2 Removal of legacy tariffs: tariff streamlining

We are withdrawing several network tariffs that either have few customers or are duplicated by other tariffs. This change aims to simplify tariff management for retailers and prioritise tariffs that better suit their customer usage.

Tariff to be withdrawn on 1 July 2024	Effectuated customers will be transferred to:
Residential transitional TOU (EA011) Small business transitional TOU (EA051)	<ul style="list-style-type: none"> customers on type 4 meters will move to introductory demand tariffs (EA111/EA251) for 12 months before moving to full demand tariffs (EA116/EA256) customers on type 5 meters will move to residential TOU tariff (EA025/EA225)
Residential TOU demand (EA115)	Residential TOU tariff (EA025)
Small business TOU demand (EA255)	Small business TOU tariff (EA225)
Transitional 40-160 MWh (EA316)	LV 60-160 MWh tariff (EA302)
Transitional 160-750 MWh (EA317)	LV 160-750 MWh tariff (EA305)
LV Connection (standby) (EA325)	Small business demand tariff (EA256)
HV connection (standby) (EA360)	High voltage tariff (EA370)
HV connection (substation) (EA380)	High voltage tariff (EA370)

4.3 Introduction of opt-in export pricing

From 1 July, we are introducing an opt in export tariff for residential and small business customers. Retailers can nominate customers for an opt in via the existing B2B tariff change service order process.

This tariff (EA029) will be a secondary tariff, meaning the customer will also have an existing primary network tariff for their load. Customers will need to have a suitable bi-directional meter and approval from the network for local generation.

From 1 July 2025, we will assign all small customers to the export tariff who are export capable and identified by a “GENR” network tariff code. Customer “opt outs” from the export tariff won’t be allowed after 1 July 2025.

Further information on our new export tariff can be found [here](#).

4.4 Controlled load switching times: soaking up solar energy

Our controlled load device switching times are changing to better coincide with daytime solar energy production, and to allow more export energy into our network. The times for customers with smart meters will be as follows:

Controlled load 1 (EA030)	Supply is usually available for at least 6 hours in any 24-hour period, from midnight to midnight.
Controlled load 2 (EA040)	Supply is usually available for at least 16 hours duration within any 24-hour period, from midnight to midnight, with more than 4 hours between 7am-5 pm.

These new times are currently available as an option for our retailers until 30 June 2024, after which they will be the default arrangement for customers with smart meters.

4.5 Introduction of utility-scale storage tariffs

New tariffs will be introduced on 1 July for eligible energy storage facilities. Tariffs apply to the voltage of the network connection and feature a critical peak price for events called a day-ahead by Ausgrid. A separate tariff code applies for when the storage facility is importing and exporting. The new tariffs and tariff codes are:

- Local network support service tariff for low voltage connections (EA334/EA335)
- High voltage network storage tariff (EA374/EA375)
- Sub-transmission storage tariff (EA394/EA395)

4.6 Introduction of embedded network tariffs

From 1 July 2024 we're introducing three new tariffs for embedded networks based on their consumption and connection levels to the network. The new tariffs and tariff codes are:

- Low voltage embedded network connections using between 160 and 750 MWh as an (EA314)
- Low voltage embedded network connections using between above 750 MWh (EA315)
- High voltage embedded network connections (EA365)

4.7 New and ongoing trial tariffs

On 1 July 2024 we will introduce a new residential trial tariff (EA956) for customers participating in our 'storage as a service' program. The tariff will provide benefits for local use of the distribution network and feature a time of use pricing structure. It will be available to customers located near a community battery. In 2024/25 we will also continue other existing trial tariffs:

- Residential standalone power systems (EA957)
- Residential super off-peak (EA958)
- Small business flexible load (EA964)
- Residential flexible load (EA965)

These tariffs are available to retailers who have agreed to a trial tariff memorandum of understanding with Ausgrid.

5. Alternative Control Services

For the 2024-29 Regulatory Period, Ausgrid proposed and the AER approved a number of changes to alternative control service lists and pricing. Details of these changes, the reasoning and stakeholder engagement can be found in the relevant documents from our 2024-29 Regulatory Determination. A summary of the key changes for each alternative control service category is included below.

5.1 Type 5 and 6 metering

To avoid a diminishing number of customers paying an increasing cost for metering services, a number of changes have been made to metering charges and how they are applied to customers. The key change is customers who have or have had a legacy Ausgrid meter will be required to pay a legacy metering charge throughout the 2025-29 regulatory period. In other words, all customers who currently receive any metering charge (capital or non-capital or both) will continue to pay a metering charge. This is different to the existing framework where the non-capital charge would cease to be levied once a smart meter is installed.

Further to this, the existing capital and non-capital charges have been condensed into a single charge and there is a single charge for each customer type (residential, small business etc) rather than a charge for each tariff.

5.2 Public lighting

Due to stakeholder feedback on the complexity and length of the public lighting price list, prices for maintenance and brackets have been rationalised. This does not have a material impact on the overall charges paid by each council.

5.3 Ancillary network services

The ancillary network services list has been updated to reflect how services are provided, with some fees removed and some added. There have also been changes to some service descriptions. Detailed information on the changes can be found in our 2024-29 Regulatory Determination documents.

Further, the “disconnection – completed” fee which previously included the reconnection fee has been separated into two separate fees.

6. Transgrid Revenue Confirmation

6.1 Letter received from Transgrid 15 March 2024

Dear Bill

2024/25 Prescribed Transmission Service Prices

Please find attached a schedule of Ausgrid's 2024/25 prescribed Transmission Service Prices applicable from 1 July 2024. These prices have been set by Transgrid as the co-ordinating Transmission Network Service Provider (TNSP) for the NSW and ACT market region.

The 2024/25 transmission prices are published in accordance with the AER approved pricing methodology and the National Electricity Rule requirements for the 2023/24 to 2027/28 period.

The total forecast revenue to be collected through transmission charges for NSW and ACT in 2024/25 compared to 2023/24 has changed by:

- Transgrid's maximum allowable transmission revenue increasing by 7% which includes the annual increase and the change from the draft to final revenue determination.
- Ausgrid's maximum allowable transmission revenue increasing by 34%.
- Directlink's maximum allowable transmission revenue increasing by 5%.
- Evoenergy's maximum allowable transmission revenue increasing by 6%.
- Prices in 2023/24 were also reduced by a \$91m excess above forecast revenue due to high AEMO residues. This reduction is not available to reduce prices in 2024/25.

Ausgrid payment for transmission services provided by Transgrid

The following table summarises the forecast revenue by service category across Ausgrid's transmission connection points billable by Transgrid. It excludes the TNSP to TNSP net transfer payment amount.

Ausgrid's Connection Points Billable by TransGrid (\$ - GST Excluded)						
Forecast	Connection	Locational	Common Service	Non-locational	Total	
2023/24	9,691,057	71,139,099	60,835,017	-	15,341,855	126,323,318
2024/25	11,455,563	74,622,742	68,620,843	-	26,782,039	181,481,187
\$ change	1,764,505	3,483,643	7,785,826	-	42,123,894	55,157,868
% change	18%	5%	13%	-	275%	44%

TransGrid's forecast annual transmission charge to Ausgrid is \$181,481,187 in 2024/25, which represents a 44% increase in transmission charges compared to the pricing advice provided for 2023/24.

The change in the non-locational service from a negative annual charge in 2023/24 to a positive charge in 2024/25 is due to the reduction in excess residue payments from AEMO mentioned in the last dot point above.

TransGrid's forecast annual transmission charge to Ausgrid is \$181,481,187 in 2024/25, which represents a 44% increase in transmission charges compared to the pricing advice provided for 2023/24.

The change in the non-locational service from a negative annual charge in 2023/24 to a positive charge in 2024/25 is due to the reduction in excess residue payments from AEMO mentioned in the last dot point above.

Transfer Payments

The transfer payments for Ausgrid are shown in the following table.

Ausgrid - 2024/25 Financial Transfer (\$ GST excluded)		
	Credit	Debit
TransGrid to Ausgrid	\$ 50,474,267.48	
Ausgrid to TransGrid		\$144,562,356.06
Ausgrid to Directlink		\$ 919,325.13
Ausgrid to Evoenergy		
Evoenergy to Ausgrid	\$ 991,575.47	
Totals	\$ 51,465,842.96	\$145,481,681.18

Net financial transfer from Ausgrid	\$ 94,015,838.23
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Should you wish to discuss any aspect of the 2024/25 transmission prices please contact Janeen Dibley, General Manager Finance – Network via email Janeen.Dibley@transgrid.com.au; or David Conroy, Pricing Strategy Manager via email David.Conroy@transgrid.com.au

Yours faithfully



Nadine Lennie
Chief Financial Officer

7. Jurisdictional Scheme Confirmation

7.1 NSW Electricity Infrastructure Roadmap Determination 21 February 2024

Australian Energy Regulator

Contribution Determination for 2024–25

1. On 12 November 2021 the Australian Energy Regulator (AER) was appointed as a Regulator under the *Electricity Infrastructure Investment Act 2020 (NSW)* (the EII Act).
2. Under section 56 of the EII Act, the AER is required to make an annual contribution in which it determines the amount for a financial year (a contribution determination) that is required for the scheme financial vehicle to be able to make payments from the electricity infrastructure fund (the Fund) that are required under the EII Act, including an amount for the scheme financial vehicle to meet its liabilities as they fall due.

AER's Contribution Determination

3. On 15 February 2024, the AER made the following contribution determination under section 56(1) of the EII Act.
 - a. The total contribution amount for 2024–25 is \$341.24 million.¹
 - b. The minimum prudent cash balance allowance required for the Fund for 2024–25 is \$213.98 million. As the Fund will recover a minimum prudent balance of \$59.92 million in 2023–24, the NSW Scheme Financial Vehicle must recover an adjustment of \$154.06 million in 2024–25 to reach the target level.
 - c. The amounts required to be paid by each NSW Distribution Network Service Provider are:
 - i. Ausgrid \$151.13 million.
 - ii. Endeavour Energy \$123.40 million.
 - iii. Essential Energy \$66.72 million.

Details of how the contribution determination was made

4. The AER made this contribution determination in accordance with the process and methodology set out in its Contribution Determination Guideline (guideline).²
5. The methodology the AER applied in making this contribution determination is set out in its Contribution Determination Excel Template (template).³
6. Schedule 1 shows a public version of the completed template and contains the underlying data inputs provided by the scheme entities and NSW Distribution Network Service Providers. The AER used these data inputs to calculate the contribution determination amounts.⁴ In line with the process set out in the AER's guideline, the AER undertook a quality assurance check of all data provided.

7.2 NSW Climate Change Fund (email received 9 February 2024)

Hi Bill,

Please see below Ausgrid's estimated contribution for 2024-25 and for the forward years to 2027-28.

Climate Change Fund Contributions	Actual year 2023-24	Budget year 2024-25	Forward estimate 2025/26	Forward estimate 2026/27	Forward estimate 2027/28
Climate Change Fund	\$290,148,738	\$297,402,457	\$304,837,518	\$312,458,455	\$320,269,917
Ausgrid	\$136,668,162	\$139,518,616	\$143,006,581	\$146,581,745	\$150,246,289

Note these figures are nominal, and subject to change and confirmation on an annual basis.

Could you please confirm who the recipient of the Minister's letter confirming the contribution amount should be [and also their contact details?](#)

Kind regards,

Luisa

Luisa De Liseo (*she/her*)
Principal Policy Officer
Climate Change and Sustainability Policy
**Department of Climate Change,
Energy, the Environment and Water**

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Working days [REDACTED]

