Overview

Ergon Energy Network Revised Regulatory Proposal for 2025-30

November 2024

ERGON ENERGY NETWORK

Part of Energy Queensland

Acknowledgement

Ergon Energy Network acknowledges the Traditional Custodians of the land on which our distribution network is located, and we recognise their continuing connection to land, waters, and community.

We pay our respects to Elders past and present for they hold the memories, the traditions, the culture and hopes of Aboriginal and Torres Strait Islander peoples in Queensland. We extend that respect to all Aboriginal and Torres Strait Islander people today.

Ergon Energy Network is committed to continuing to work in partnership with First Nations people to ensure we deliver clean, reliable and smart energy supply to communities in regional Queensland in the most affordable way.

A message from our Chair and CEO

Our Regulatory Proposal is focused on striking the right balance between investing in the network to provide clean, reliable and smart electricity and efficiently delivering electricity services in the most affordable way. Our unwavering commitment to delivering on this objective underpins Ergon Energy Network's response to the AER's assessment of our expenditure plans for the 2025-30 regulatory control period.

Our Revised Regulatory Proposal provides additional information to enable the AER to make its final determination on our 2025-30 investment plans, which we believe are in the long-term interests of regional Queensland's electricity consumers. This includes funding for investments that will reinforce areas of the network where there are a growing number of homes and businesses across regional Queensland who rely on us to provide a reliable electricity supply to meet their energy needs.

Our network is made up of many complex components designed to work together to deliver quality and reliable electricity to homes and businesses. However, with large parts of our network having been constructed as far back as the 1970s and 1980s, many network assets are now nearing the end of their useful lives and are unreliable and at risk of failing. Our Revised Regulatory Proposal therefore further emphasises the need to invest in replacing our ageing infrastructure to manage current and emerging network risks and ensure we meet our customers' reliability, community safety and environmental expectations. Nevertheless, we are mindful that we need to undertake this work in the most cost-effective and efficient way to maintain downward pressure on electricity prices in the long-term.

Importantly, our Revised Regulatory Proposal has been informed by more recent targeted conversations with our customers that builds on the engagement program undertaken in the lead up to submitting our Regulatory Proposal earlier this year. These discussions were primarily focused on the investment required to manage our ageing network, network tariffs and customer service performance measures. We sincerely thank all those who have worked with us throughout our engagement process and provided valuable input into shaping our investment plans for the next five-year period.

While customers have told us they value the services we provide and how we go about keeping the lights on, we also remain acutely aware of the cost-of-living pressures continuing to impact households and businesses across regional Queensland. Consequently, we have maintained our commitment to driving efficiency improvements and cost savings in how we deliver electricity to our customers. As a result, the increase in distribution network charges for households will be limited to an average of $33 in each year of the 2025-30 regulatory control period. For most regional customers, this is equivalent to the increase that will apply in South East Queensland due to the application of the Queensland Government's Uniform Tariff Policy.

Overall, we are confident that the investment plans detailed in our Revised Regulatory Proposal will provide long-term benefits for electricity consumers.

We truly value the feedback we have received from our customers to date and invite you to have your say about the future of Ergon Energy Network and the energy needs of regional Queenslanders through the AER's consultation process.

Sarah Zeljko
Chair
Energy Queensland Board

Peter Scott
Chief Executive Officer
Energy Queensland

Purpose of this Overview

To ensure Ergon Energy Network manages the distribution network in regional Queensland efficiently, we are regulated under the National Electricity Rules by a national regulator, the Australian Energy Regulator (AER).

Every five years, Ergon Energy Network is required to submit a Regulatory Proposal to the AER setting out the amount of funding required to build, operate and maintain the electricity distribution network in regional Queensland. Our Regulatory Proposal was submitted to the AER in January 2024 and is for the five-year period commencing 1 July 2025 and ending on 30 June 2030.

The AER has assessed our Regulatory Proposal and supporting documents and published its Draft Decision on 23 September 2024. The AER's Draft Decision sets out the maximum revenue we can collect from customers through our network tariffs and the prices we can charge for our distribution network services.

The next stage of the distribution determination process is for us to respond to the AER's Draft Decision with a Revised Regulatory Proposal. Our Revised Regulatory Proposal, submitted on 26 November 2024, provides updated or new information for consideration and addresses matters raised by the AER in its Draft Decision.

This Overview provides a summary of our Revised Regulatory Proposal for 2025-30 and includes:

- information on how we engaged with our customers and stakeholders in developing our revised proposal, what we heard and how we are responding to feedback
- a summary of our revised proposal, including our proposed capital and operating expenditure and tariff structure, and
- next steps and how you can provide comments.

Who we are

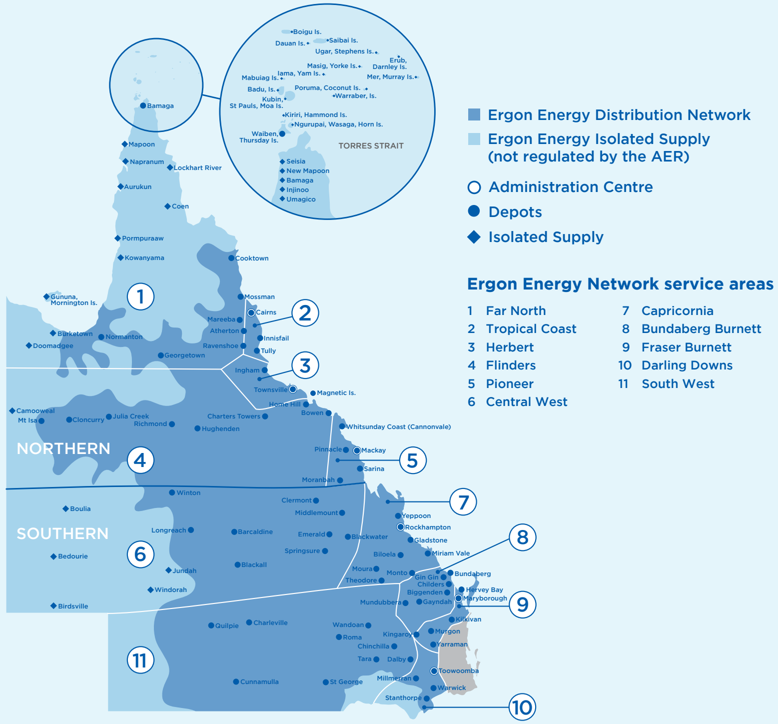
Ergon Energy Network is the electricity distribution network service provider for regional Queensland.

We operate and maintain one of Australia's largest electricity networks, energising Queensland communities from our region's coastal and rural areas to the remote communities of outback Queensland and the Torres Strait. We provide services to more than 790,000 domestic and business customers, across a growing population base of around 1.5 million people.

We provide a range of distribution services to our customers and communities. These services include connecting customers to our network, maintaining a safe, secure and reliable supply of electricity for all customers, reading and testing meters and providing public lighting.

Ergon Energy Network is committed to energising regional Queensland communities by working together towards empowering an 'Electric Life' for our customers, and to transforming the energy system to meet future needs.

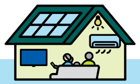
We are a subsidiary of Energy Queensland, which is a Government Owned Corporation.



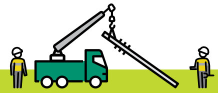
What we initially proposed

We submitted our initial Regulatory Proposal to the AER for assessment in January 2024. It set out our investment priorities for the 2025-30 regulatory control period, the amount of funding required for us to build, operate and maintain our network and the revenue we intend to collect from our customers through distribution charges.

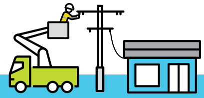
Four investment priorities



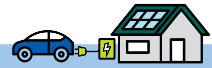
#1
Deliver electricity services in the most efficient and affordable way



#2
Ensure the safety and reliability of our ageing network



#3
Provide a well-integrated and resilient electricity network to meet future needs



#4
Facilitate customer opportunities in the transition to renewable energies

$142m affordability commitment to customers, or 2% of revenue, achieved by:

- applying a 1% productivity factor to capitalised overheads and operating expenditure, and
- excluding the difference between the AER forecast and our information and communications technology (ICT) capital expenditure for the last five years.

20% increase in capital expenditure from $4,837 million over 2020-25 to $5,805 million over 2025-30 to renew, reinforce and build the network and other infrastructure to supply power and connect new customers.

0.1% increase in operating expenditure from $2,377 million over 2020-25 to $2,379 million over 2025-30 to operate and maintain the network safely and reliably, including managing vegetation and responding to severe weather and other disruptive events.

5 key changes to network tariffs to make them more efficient and provide customers with additional options to lower their network bill. These include: strengthening the peak price signal, updating time of use (TOU) pricing windows, transitioning to two-way pricing to support renewables, updating controlled load tariffs, and streamlining existing tariffs.

15% increase in the total amount we intend to collect from our customers through distribution charges from $6,811 million over 2020-25 to $7,819 million over 2025-30.

100% replacement of existing conventional public lights with LED lights by 2030, resulting in lower emissions and energy savings for customers.

$35 average annual increase in network charges for residential customers from 2025, which is equivalent to a 5% increase.

$133 average annual increase in network charges for small to medium businesses from 2025, which is equivalent to a 6.2% increase.

$4,342 average annual increase in network charges for large businesses connected on the low voltage network, which is equivalent to a 7.1% increase.

All dollars are in 2024-25 dollars, unless specified otherwise. All price impacts include forecast inflation (i.e. nominal dollars).

Summary of the AER's Draft Decision

The AER published its Draft Decision on our initial Regulatory Proposal in September 2024. The Draft Decision accepted some of our initial Regulatory Proposal either outright or with only minor revisions after applying updated inputs, such as the most recent inflation rate. However, the AER indicated that further justification was required before it could accept some of our proposed investments, specifically around our capital expenditure.

The AER's Draft Decision did not accept Ergon Energy Network's forecast capital expenditure

The AER provided a substitute forecast of $4,188 million, which was a 26.6% reduction compared to our forecast of $5,705 million.

The AER accepted our proposed investments for the connections, distributed energy resources and cyber security capital expenditure categories. The AER provided lower substitute forecasts for the categories of replacement, augmentation, resilience, non-network ICT, property, fleet and capitalised overheads. The main reduction was in our program to replace or reinforce older assets, like poles, powerlines and transformers.

The AER also reviewed our capital expenditure for the period 2018-19 to 2022-23 as we spent more than the AER's approved forecast for this period. The AER's Draft Decision was to accept 50% of the additional capital expenditure.

The AER's Draft Decision accepted Ergon Energy Network's forecast operating expenditure

In its Draft Decision, the AER calculated an alternative estimate of $2,402 million for operating expenditure, which is 1% higher than the forecast of $2,379 in our Regulatory Proposal.

The AER therefore accepted our proposed forecast but noted that we would provide updated actual operating expenditure for 2023-24 for consideration in its Final Decision.

The AER's Draft Decision did not accept our network tariff proposal

While the AER did not accept our Tariff Structure Statement (TSS), which sets out the proposed structures, assignment rules and prices for our distribution network tariffs, it did accept many elements of our proposal. This included accepting:

- strengthened peak price signals and updated pricing windows
- tariff structures for residential, small business and large customers (except for two-way tariffs and the proposed new flexible load control tariffs), and
- streamlined existing tariffs.

The fundamental change required by the AER is for Ergon Energy Network to shift default assignment for residential and small business customers with smart meters from TOU Demand tariffs to TOU Energy tariffs, including reassigning customers currently on TOU Demand tariffs to TOU Energy tariffs.

The AER's Draft Decision provided a substitute forecast for revenue due to updated inputs

The AER's Draft Decision reduced our proposed revenue by $148 million or 1.9% to $7,671 million. The revenue reduction was mainly due to the AER's lower substitute forecast for capital expenditure, updated revenue adjustments and other updates to key inputs, such as the rate of return and expected inflation.

The AER's Draft Decision did not accept removal of the telephone answering component of the Service Target Performance Incentive Scheme

The AER accepted the proposed application of five incentive schemes to Ergon Energy Network, i.e. the Capital Expenditure Sharing Scheme, the Efficiency Benefit Sharing Scheme, the Demand Management Incentive Scheme, Demand Management Incentive Scheme Mechanism and Service Target Performance Incentive Scheme.

However, the AER did not accept the proposal to remove the telephone answering component of the Service Target Performance Incentive Scheme.

All dollars are in 2024-25 dollars. Our forecast value for capital expenditure reflects the revised capital expenditure amount we submitted to the AER on 28 June 2024. All capital expenditure values include asset disposals.

Our engagement

We have continued to engage with residential and business customers and other stakeholders since the submission of our initial Regulatory Proposal in January 2024.

This engagment focused on revisiting some of the topics and issues on which we engaged previously in developing our initial Regulatory Proposal and explored some new topics and issues following feedback from customers and stakeholders. The release of the AER's Draft Decision provided another opportunity to consult with customers and stakeholders to further test, refine, and eventually finalise our investment and revenue recovery plans for the 2025-30 regulatory control period. The primary focus of this further engagement was the investment required to manage our ageing network in regional Queensland, network tariffs and customer service performance measures.

Below is a summary of the main topics and issues identified by our customers and stakeholders during our recent engagement and our responses. Further information on our prior engagement is available in our Regulatory Proposal Overview.

Affordability of electricity is a priority

We have:

- reduced our capital expenditure program by 12.2% (from our Regulatory Proposal)
- applied a 1% productivity factor to operating expenditure and capitalised overheads, and
- self-funded the capital spend above forecast for ICT for the last five years (2018-19 to 2022-23).

Good customer service is a given and should not be incentivised

We proposed and the AER accepted that a Customer Service Incentive Scheme should not apply for 2025-30.

We accept the AER's Draft Decision to retain the customer service (telephone answering) component of the Service Target Performance Incentive Scheme as our customers indicated they could accept this.

Reliability and safety standards shouldn't be compromised

We remain committed to managing our ageing network so that we can continue to provide a reliable supply of electricity.

We have responded to AER feedback by revising our replacement forecast and submitting updated business cases and analysis for the AER's consideration.

We need help to make better choices around investing in solar and batteries

We will explore information campaigns and support mechanisms for customers through collaboration with stakeholders and industry partners.

Show us how you are performing with customer service

We have committed to publishing a Customer Service Performance Measures Scorecard focused on services that our customers have told us are important to them.

Tariff structures should be equitable, fair and cost reflective

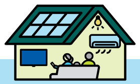
We will:

- offer zero or low distribution charges in the middle of the day so customers can save costs
- reduce peak time periods for business customers, and
- provide dynamic connection offers (likely widely available by July 2028) to provide more options for customers around the volume of their exports from rooftop solar and battery storage.

Our revised plans

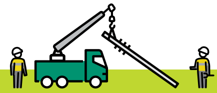
In November 2024, we submitted our Revised Regulatory Proposal for the 2025-30 regulatory control period to the AER. The Revised Regulatory Proposal responds to the AER's Draft Decision and was developed in consultation with customers and stakeholders.

Four investment priorities



#1

Deliver electricity services in the most efficient and affordable way



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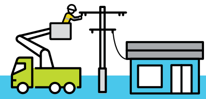
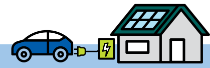
Ensure the safety and reliability of our ageing network



#3

Provide a well-integrated and resilient electricity network to meet future needs



#4

Facilitate customer opportunities in the transition to renewable energies

$150m affordability commitment to customers, or 2% of revenue, achieved by:

- excluding the difference between the AER forecast and ICT capital expenditure for 2018-19 to 2022-23, and
- applying a 1% productivity factor to capitalised overheads and operating expenditure.

1.9% decrease in capital expenditure from $5,109 million over 2020-25 to $5,011 million over 2025-30 to renew, reinforce and build the network and other infrastructure to supply power and connect new customers.

2.1% decrease in operating expenditure from $2,617 million over 2020-25 to $2,563 million over 2025-30 to operate and maintain the network safely and reliably, including managing vegetation and responding to severe weather and other disruptive events.

4 key changes to network tariffs to make them more efficient and provide customers with additional options to lower their network bill. These include: strengthening the peak price signal, updating TOU pricing windows, updating controlled load tariffs, and streamlining existing tariffs.

17% increase in the total amount we intend to collect from our customers through distribution charges from $6,794 million over 2020-25 to $7,952 million over 2025-30.

100% replacement of existing conventional public lights with LEDs by 2030, resulting in lower emissions and energy savings for customers.

$33 or **4.6%** increase in annual network charges for residential customers from 2025, which is lower than originally proposed.

$100 or **4.6%** increase in annual network charges for small to medium businesses from 2025, which is lower than originally proposed.

$4,023 or **6.1%** increase in annual network charges for large businesses connected on the low voltage network, which is lower than originally proposed.

Note: Due to the Queensland Government's Uniform Tariff Policy, non-market residential and small to medium business customers in Ergon Energy Network's distribution area pay no more than customers in South East Queensland. All dollars are in 2024-25 dollars, unless specified otherwise. All price impacts include forecast inflation (i.e. nominal dollars).

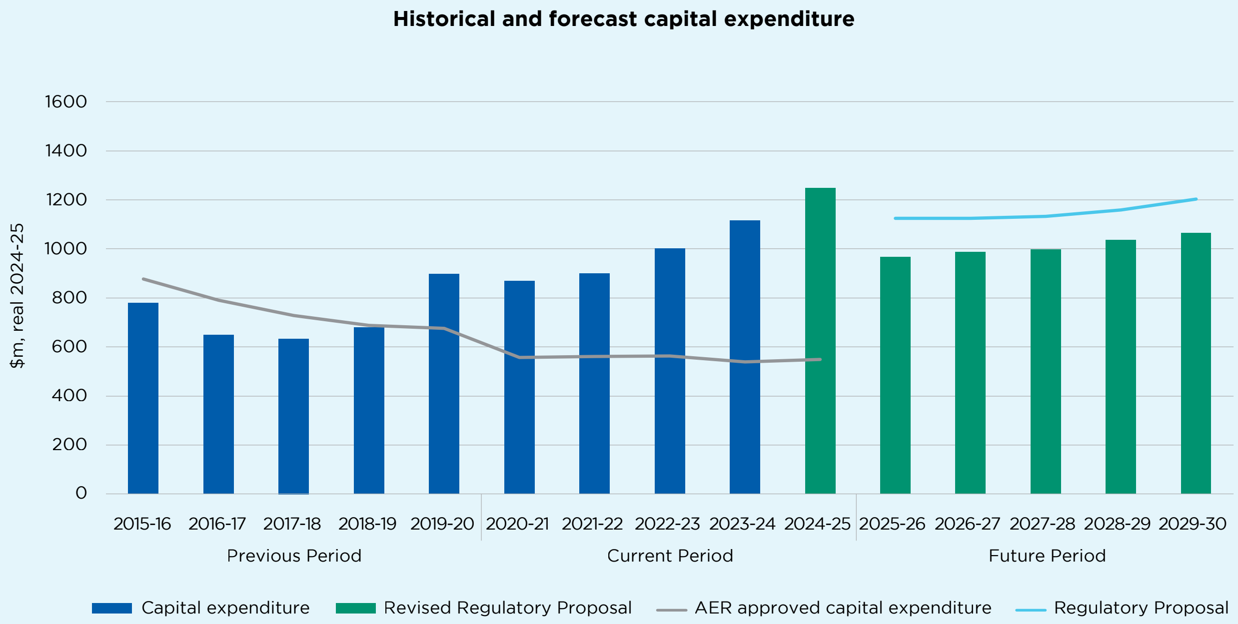
Our revised forecast capital expenditure

We propose to reduce our capital expenditure by 12.2% relative to our Regulatory Proposal.

We remain committed to meeting the expectations of our customers and communities around the reliability, resilience and safety of our network, while managing an ageing network and a growing demand for electricity. To meet these expectations and needs, we require capital investment to build, repair and reinforce the distribution network and other infrastructure to supply electricity to our customers. When formulating our investment plans, we also consider opportunities to better utilise our existing network to ensure that we are only investing what is necessary to deliver a safe and reliable electricity supply.

For the 2025-30 regulatory control period, the AER has provided a substitute forecast of $4,188 million for capital expenditure, a decrease of 26.6% from our proposed capital expenditure of $5,705 million (including asset disposals of $42.1 million).*

While we accept some elements of the Draft Decision for capital expenditure, overall, we do not believe that it is sufficient funding for us to provide a safe and reliable electricity supply to customers in regional Queensland. Therefore, we propose a revised capital expenditure forecast of $5,011 million (including asset disposals of $41.9 million). This is a 12.2% reduction to our Regulatory Proposal but is 19.7% more than the substitute forecast included in the AER's Draft Decision. We accept the AER's Draft Decision on the additional capital expenditure we spent above the AER's approved forecast for the 2018-23 period.



* Our proposed capital expenditure of $5,705 million reflects the revised capital expenditure amount we submitted to the AER on 28 June 2024.

Exploring replacement capital expenditure with customers

We explored our proposed replacement plans to manage an ageing network through engagement with customers and stakeholders. This engagement also covered the associated costs and price impacts for customers, and the AER's Draft Decision for this expenditure.

Participants told us that they expect Ergon Energy Network to consider prudent investment in managing our ageing assets, balancing the costs of investment in the 2025-30 regulatory control period against future costs if asset replacement programs (in particular those relating to poles and pole top structures) were delayed into the future.

We remain committed to providing a reliable network for our communities in regional Queensland. In response to the AER's reductions to replacement expenditure in its Draft Decision and considering customer sentiment that safety and reliability are a priority, we propose a revised forecast, with updated business cases, for the AER's consideration.

Our revised forecast operating expenditure

We propose to increase our operating expenditure by 7.7% relative to our Regulatory Proposal.

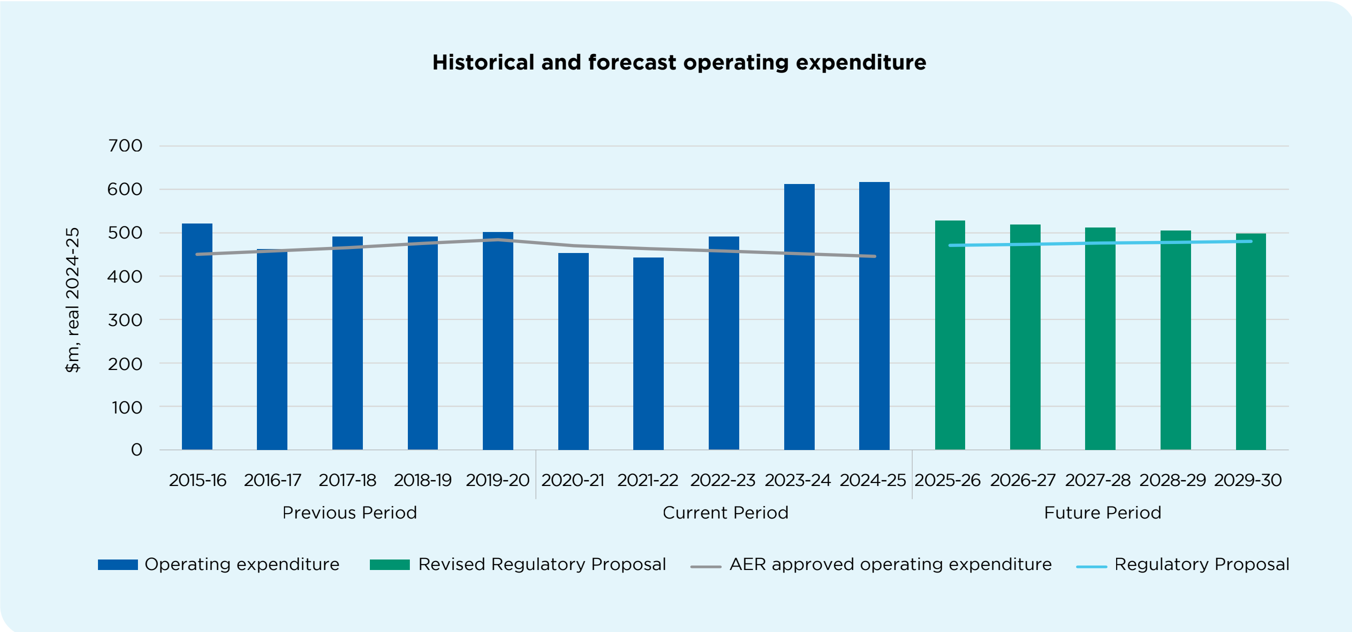
Operating expenditure relates to the day-to-day costs required to operate and maintain our network assets and includes activities such as inspection, maintenance, and repair of network assets, control of vegetation growth, fault and emergency repairs and supply restoration, and customer service and corporate support activities.

In our Regulatory Proposal we forecast operating expenditure of $2,379 million (inclusive of debt raising costs) for the 2025-30 regulatory control period. In its Draft Decision, the AER calculated an alternative estimate of $2,402 million (1% higher than our Regulatory Proposal). The AER therefore accepted our proposed forecast but noted that we would provide actual operating spend for 2023-24 for consideration in its Final Decision.

Our Regulatory Proposal was based on a forecast 2023-24 base year. We have updated our data to reflect actual 2023-24 costs and the most recent information for other model inputs. Our revised forecast operating expenditure is $2,563 million for the 2025-30 regulatory control period. This represents an increase of 7.7% relative to our Regulatory Proposal and the AER's Draft Decision.

We have made an efficiency adjustment to the base year, applied a 1% productivity factor and included minimal step changes.

We have also proposed that the Efficiency Benefit Sharing Scheme should not be applied in 2025-30 as we have already applied an efficiency adjustment.



Our revised forecast revenue and price impacts

We propose to increase our revenue by 1.7% relative to our Regulatory Proposal.

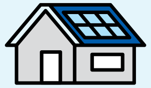
The revenue requirement is the total revenue that we require for the five-year period to enable us to continue to build and maintain a safe and reliable network. It is referred to as 'revenue' because it is the amount of funding we recover from customers through distribution network charges.

We have considered the feedback from the AER and the views expressed by customers and stakeholders on our original proposal in preparing our revised expenditure plans. We have also incorporated the most recent, up-to-date inputs and information into our expenditure forecasts, such as an updated electricity demand forecast, the most recent inflation rate estimates and our actual costs for 2023-24.

The revised level of funding we require to build, operate and maintain the electricity distribution network in regional Queensland is $7,952 million over five years. This is $281 million more than the AER's Draft Decision and $133 million more than our Regulatory Proposal.

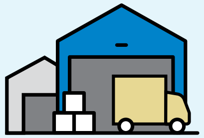
Impact for customer network charges

We estimate that the annual distribution network charge component of customers' electricity bills will increase by an average of:



$33 or **4.6%**
annually for residential customers

$100 or **4.6%**
annually for small business customers



$4,023 or **6.1%**
annually for a large business connected on the low voltage network

Note: Due to the Queensland Government's Uniform Tariff Policy, non-market residential and small to medium business customers in Ergon Energy Network's distribution area pay no more than customers in South East Queensland. Price impacts include forecast inflation.

Metering, Public Lighting and Ancillary Services

Metering

The AER's Draft Decision accepted our legacy metering services proposal with a minor reduction in forecast operating costs

The AER's Draft Decision accepted most of Ergon Energy Network's proposal, including:

- changing from a user-pays approach to an approach where costs are spread across all customers
- acceleration of legacy meter depreciation to recover legacy metering capital costs by 2030, and
- recovery of metering costs through a flat per customer charge.

The AER made a reduction to the annual revenue requirement (due to updated model inputs) and introduced a true-up mechanism for metering operating costs to account for uncertainty of legacy metering replacement volumes.

We accept the AER's Draft Decision on metering.

We have updated our modelling with the most recent inputs, such as inflation.

Public Lighting

The AER's Draft Decision found our public lighting proposal largely reasonable

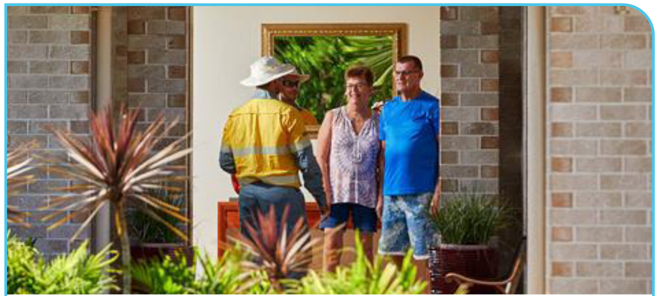
In its Draft Decision, the AER supported:

- the proposed replacement of existing conventional public lights with LED lights by 2030
- recovering the residual value of conventional lights over a longer time period, and
- user-pays smart controls.

The AER amended some public lighting inputs to be consistent with other aspects of its Draft Decision, namely labour escalators, rate of return and forecast inflation.

We accept the AER's Draft Decision on public lighting services.

We have updated for the use of forecast data and the most recent inputs.



Ancillary Services

The AER's Draft Decision found our ancillary services proposal largely reasonable

While the AER did not accept all proposed prices for our quoted and fee-based ancillary services, it considered our proposal was largely reasonable.

The AER adjusted some prices to reflect its Draft Decision on inflation and X factors and provided a substitute labour rate for 5 categories of labour and accepted the remaining 25 labour categories.

The AER accepted the proposed changes to service inputs for travel time, contractor costs and crew size for high-risk services.

We accept the AER's Draft Decision on ancillary services.

We have updated labour category rates to reflect 2023-24 costings and updated our modelling with the most recent inputs.

Network tariffs

We have modified our TSS to address AER, customer and stakeholder feedback.

In 2020 we commenced tariff reforms for customers with smart meters, and this has resulted in more efficient network prices being sent to retailers for over 40% of our customers. From 2025, we aim to build on the work done to date by improving our pricing signals for peak (high demand) and off-peak (low demand) times of energy use.

In January 2024, we submitted our TSS, that outlined our proposed network tariff structures and assignment arrangments, to the AER. This proposal was based on three years of engagement on network tariffs with customers, retailers, consumer advocates, industry groups and our own Network Pricing Working Group.

The AER's Draft Decision did not approve our proposed TSS. While the AER accepted many elements of the TSS, a number of changes were required. The fundamental change required Ergon Energy Network to shift default assignment for residential and small business customers with smart meters from TOU Demand tariffs to TOU Energy tariffs, including reassigning customers currently on TOU Demand tariffs to the TOU Energy tariffs.

Ergon Energy Network has accepted most elements of the AER's Draft Decision in our revised TSS. However, we have modified our proposal relating to the introduction of storage tariffs and, in response to customer feedback, will be delaying the introduction of two-way tariffs to beyond the 2025-30 regulatory control period.

Exploring network tariffs with customers

Since submission of our network tariff proposal in January 2024, we have continued to engage with residential and business customers and other stakeholders on our tariffs and indicative prices.

There were mixed views on the pace of change around tariff reform, but consistently we were told that tariff reform should proceed with equity, fairness and cost-reflectivity in mind. The need for further information and education to enable residential customers to make informed tariff choices and behind-the-meter investments was also highlighted.

We also engaged further with our large business customers, primarily through individual one-on-one discussions. These discussions were intended to enable our customers to explore their specific areas of concern and indicative network prices. Our large customers continue to tell us that cost of electricity is a key consideration for their business investment decision-making.

We listened to the feedback provided by customers and stakeholders and committed to:

- refining our network tariffs to enable customers to benefit from the energy transition and reduce their network bill by changing their energy consumption patterns
- providing new network tariff options for business customers with reduced time periods for peak pricing
- exploring network tariff and energy efficiency information campaigns and support mechanisms for customers into the future, and
- making dynamic connection offers more widely available to provide more options to customers around the volume of their exports from rooftop solar and battery storage.

How we’ve responded to the AER’s Draft Decision

Issue in Draft Decision	Changes requested by the AER	Our response
Tariff assignment for residential and small business customers	Change default assignment for residential and small business customers with smart meters from TOU Demand and Energy tariffs to TOU Energy tariffs. Reassign existing customers from current default Transitional Demand tariffs to TOU Energy tariffs.	Assignment arrangements are amended in our Revised TSS in response to the AER’s Draft Decision. New and upgrading residential and small business customers will be assigned to TOU Energy tariffs. Retailer led meter upgrades will result in an assignment to TOU Energy tariffs 12 months after the financial year in which the upgrade occurred. The TOU Demand and Energy tariffs will remain as optional tariffs. Time of use Energy tariffs will not be assigned retrospectively to customers on the current default tariff. These customers will remain on their current default tariff but retain the option to access TOU Energy tariffs during the 2025-30 period if they choose.
Contingent tariff adjustments	Include further information on contingent tariff adjustments to remove obsolete tariff within the 2025-30 period.	In response to the AER’s Draft Decision and customer feedback we will remove the contingent tariff adjustment from our Revised TSS. Instead, we will withdraw the legacy small business Wide Inclining Fixed tariff from 1 July 2025. We expect this change will increase transparency for basic meter customers and ultimately assist with the transition to a more cost reflective tariff.
Two-way tariffs	Include an explicit export tariff transition strategy. Convert export charges and basic export level from kW to kWh. Include network bill impact analysis for small businesses and large customers to face two-way tariffs.	Our Initial TSS introduced two-way tariffs, commencing for new customers from 1 July 2026 and transitioning to all customers from 1 July 2028. In response to customer feedback, customers opting in to a dynamic connection would be able to opt-out of two-way tariffs. The AER rejected our tariff structures for two-way tariffs and requested additional changes and more information to be provided in the Revised TSS in order for it to be capable of acceptance. Our revised TSS does not make these changes but instead extends the introduction of two-way tariffs to beyond the 2025-30 period.
Tariff assignment for SAC Large business customers	Offer TOU Energy tariffs for SAC Large customers with demand greater than 120 kVA and consumption less than 160 MWh per annum.	In response to the AER’s Draft Decision we have introduced a new optional TOU Energy tariff for SAC Large customers with demand greater than 120 kVA and consumption less than 160 MWh per annum, from 1 July 2025.
Flexible load tariffs	Include further description of control arrangements that are contained in the Queensland Electricity Connections Manual (QECM), including the relationship between the QECM and TSS, and the extent to which control arrangements influence tariff options, including the new flexible load tariffs.	Our Revised TSS includes further information on the new residential and small business flexible load tariffs. Additional information regarding the QECM is also included.
Grid-scale storage tariffs	Provide further detail on grid-scale storage tariffs, including more detail on the critical peak pricing mechanism.	Our Initial TSS proposal included two grid-scale storage tariff structure options, the Dynamic Price Storage tariff and Dynamic Flex Storage tariff. The Dynamic Flex Storage tariff (with no critical peak prices) will be offered as an optional tariff from 1 July 2025. We consider this simplified tariff structure proposal compliant with the NER and capable of understanding by customers and retailers. The Dynamic Price Storage tariff incorporating critical peak period import and export charge components will be offered as a trial tariff from 1 July 2025. In addition, a complementary secondary tariff incorporating critical peak period import and export reward components will be trialled from 1 July 2025. The secondary tariff will be made available to customers on both the Dynamic Flex and Dynamic Price Storage tariffs.

How to have your say

This Overview provides a summary of Ergon Energy Network's Revised Regulatory Proposal, setting out our updated investment plans and the revenue required to operate our network for the 2025-30 period. A copy of our full Revised Regulatory Proposal, submitted to the AER on 26 November 2024, is available on the AER's website.

The AER will assess our Revised Regulatory Proposal and consult with interested parties before setting the maximum revenue we are allowed to recover from customers for their use of the network. This revenue will form the distribution network component of customers' retail electricity bills. We encourage our communities and customers to make submissions to the AER as part of its consultation on our Revised Regulatory Proposal.

In the meantime, we will continue to engage with our customers and other stakeholders, including through our online engagement hub, Talking Energy, **www.talkingenergy.com.au**.

Questions can also be directed to us by emailing **RDP2025Connect@energyq.com.au**.

- **January 2024** Regulatory Proposal submitted to AER
- **March - May 2024** AER Issues Paper published for consultation
- **September 2024** AER Draft Determination published
- **December 2024** Revised Regulatory Proposal submitted to AER
- **April 2025** AER Final Determination published
- **July 2025** Commencement of the 2025-30 regulatory control period

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