AusNet

AusNet Electricity Services Pty Ltd

Proposed Tariff Structure Statement 2026-31

Compliance document

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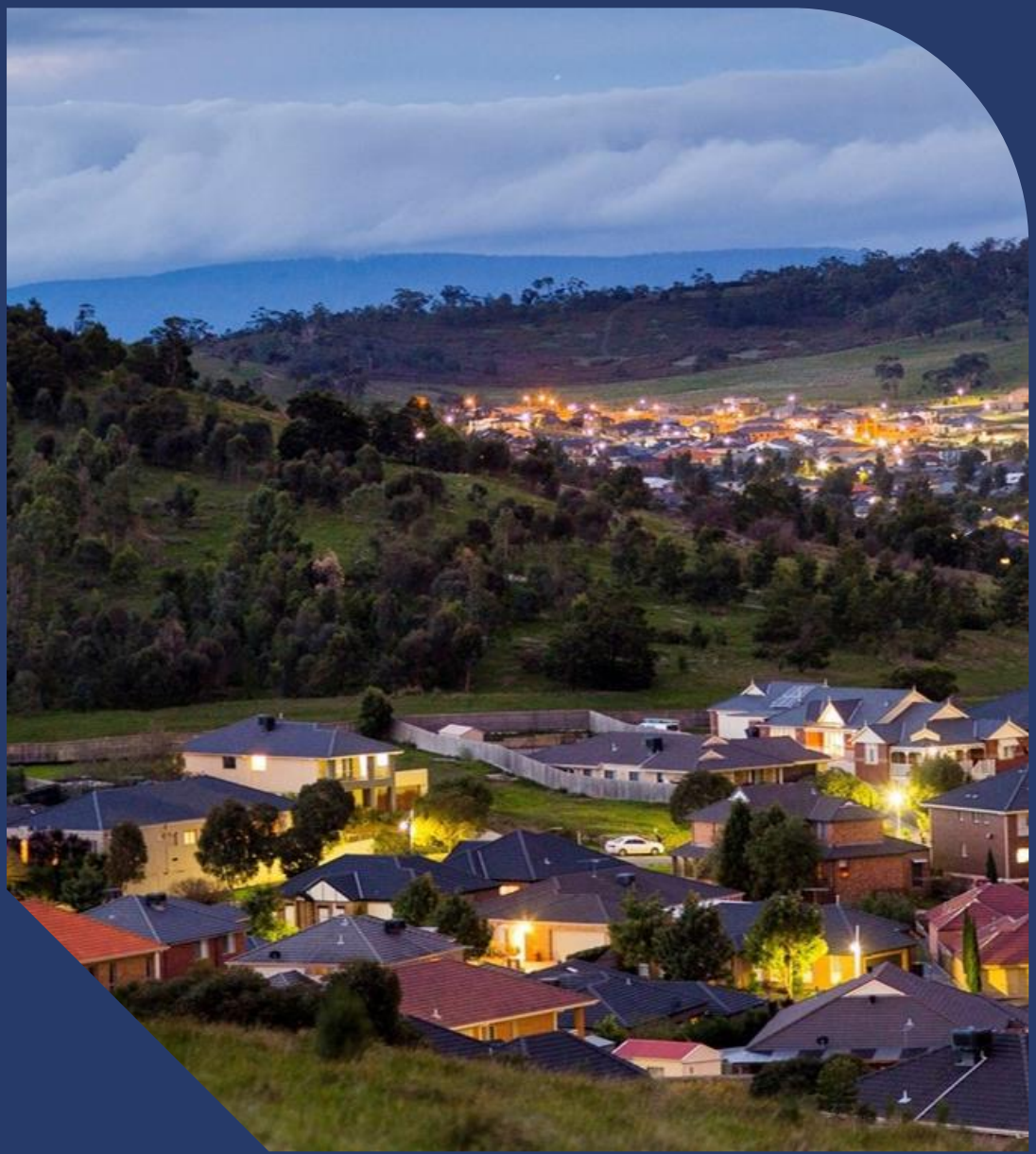

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Table of contents

1. Introduction and overview

1.1. Purpose

This document is AusNet's proposed Tariff Structure Statement (**TSS**), which forms part of AusNet's Regulatory Proposal for the 2026-31 regulatory period and has been prepared in accordance with the requirements of the National Electricity Rules (**Rules**). It is supported by a TSS Explanatory Paper, which provides further detail on the rationale for our tariff strategy.

1.2. Customer and stakeholder engagement

The development of this TSS has been informed by extensive customer and stakeholder engagement, and customer research. An important aspect of this engagement has been working closely with the other Victorian distributors so that we could maximise the value from the engagement process in areas where consistency in approach is preferred (e.g. tariffs for residential customers). Through this engagement, we have obtained valuable input from our customers and stakeholders, including retailers and the Victorian Government. This input and how it has affected our tariff proposals is discussed in the accompanying TSS Explanatory Paper.

1.3. Key changes proposed in this TSS

Our costs, and therefore customers' bills, are influenced by the need to meet peak demand on the electricity network as well as to manage increasing customer exports into the grid. As the current energy transition progresses, we anticipate both peak demand and exports into the grid to grow, driven by continued growth in consumer energy resources (**CER**) and a surge in the electrification of gas and transport. Approximately 29% of AusNet customers already have rooftop solar and that number is expected to grow to approximately 37% by 2031. We also forecast that by 2031, an increase in homes will be all-electric and there will be approximately 240,000 electric vehicles in AusNet's network.

However, a large number of residential customers are on single-rate tariff structures, which means that customers with higher usage during peak times are cross-subsidised by other customers with flatter usage profiles. Another growing cross-subsidy amongst residential customers is between customers with and without rooftop solar. This is because customers with rooftop solar do not pay the variable portion of the network tariffs when exporting into the network. While distributors still have costs associated with managing exports into the grid, those costs are largely recovered by customers without rooftop solar who pay the variable portion of the network tariff.

These charging arrangements create inequities and inefficiencies in the residential sector, which AusNet is seeking to address over time through tariff reform towards more cost reflective tariffs. The cost reflective tariffs for 2026-31 seek to incentivise residential customers to use more electricity during the middle of the day and reduce the evening peak usage. Consistent with Victorian Government policy on residential network tariffs, our proposed tariffs provide multiple tariff options for residential customers (except for customers with fast EV chargers in homes). This optionality provides more choice for customers, but it will likely to lead to a slower transition to fully cost reflective tariffs for residential customers across our network.

In the commercial sector, including small and large business customers, customers use electricity differently to residential customers, with the majority having high peak periods in the morning or middle of the day, and a smaller penetration and anticipated take-up of larger CER. Therefore, our approach to tariffs for commercial customers is different compared to residential customers, with the largest difference being that we are not seeking to incentivise commercial customers to use more electricity from the grid during the day. Where we are seeing change for commercial customers is in increased flexibility – both in terms of new flexible load customers such as EV charging stations and batteries, as well as more flexible commercial appliances. Our tariff objective for these customers is to maintain the appropriate pricing signals in line with demand profiles, while introducing flexibility and optionality where possible.

In the tables below, we summarise the key changes proposed in this TSS following extensive engagement with consumers and other stakeholders. These decisions include decisions to maintain existing tariffs, provide customer choice where it is efficient and equitable to do so, and encourage transition to more cost reflective tariffs in a manner that is fair and reasonable. The rationale for these positions is set out in the accompanying TSS Explanatory Paper.

Table 1-1: Key proposed changes for residential customers

Proposed change	Description of proposed change and implementation approach
An updated residential ToU tariff structure	Our residential time of use (ToU) tariff structure will be updated. The new structure will be as follows: • Fixed standing charge ($/year) • Peak period (4pm-9pm) (c/kWh) • Solar soak period (11am-4pm) (c/kWh) • Off peak period (all other times) (c/kWh) • All periods will be in local time. Existing customers on the ToU tariff will remain on this tariff, and the tariff will be available for new customer connections, customers upgrading to a three-phase connection, installing solar or batteries, and customers with electric vehicles. Residential customers may request to be transferred to our residential single-rate tariff.
Residential demand tariffs will be closed	Due to low take up rates, our residential demand tariffs will be closed, and impacted residential customers on these tariffs will be reassigned to the residential ToU tariff.
Maintain residential single-rate tariffs	Customers on our residential single-rate tariff may remain on this tariff but may request to be transferred to the residential ToU tariff.
Legacy and seasonal ToU tariffs to remain	Customers on our legacy and seasonal ToU tariffs will remain on their existing respective tariffs but may request to be transferred to the residential single-rate or ToU tariff.
A new CER tariff	We will introduce a CER tariff for residential customers. Residential customers with solar and/or batteries, and EV customers with dedicated chargers may request to be transferred in and out of the new residential CER tariff.
A new dedicated circuit (hot water) tariff	This tariff will have a two-way charging structure, which means that customers pay an export charge at times when exporting imposes costs on the distribution system and other customers.
Discounting residential ToU tariff	We will introduce a new dedicated circuit (hot water) tariff with a 24 hour window (including establishing single-rate and ToU tariffs and dedicated circuit tariff combinations). This will replace all existing residential dedicated circuit tariffs from 1 July 26. All existing residential customers on a dedicated circuit tariff will be reassigned to the new dedicated circuit tariffs, and existing dedicated circuit tariffs for residential customers will be closed.
Residential embedded network tariffs will be closed	We will coordinate and schedule controlled load times to ensure that customers consistently have access to hot water.
EV Dynamic tariff trial to be extended	For the 2026-31 regulatory period, we will discount the residential ToU tariff relative to our single-rate tariff. We will reduce the prices by one per cent per year so that it will be ten per cent cheaper relative to our single rate by FY31.

The proposed changes for our small commercial and industrial customers are summarised below.

Table 1-2: Key changes for small commercial and industrial customers

Proposed change	Description of proposed change and implementation approach
Small business ToU tariff to remain	This tariff will continue to be available for new customer connections, customers upgrading to a three-phase connection, installing solar or batteries, and customers

	with electric vehicles. Additionally, small business customers may request to be transferred to the small business single-rate or demand tariff.
Small business single rate tariffs continue	Customers on our small business single rate tariff may remain on this tariff but may request to be transferred to the small business ToU or demand tariffs.
Small business demand tariffs to continue	The small business demand tariffs will continue to be available for new and existing customers (including small business customers who meet the 40MWh to 160MWh threshold)
Small business seasonal ToU tariff to remain	Small business customers who consume between 40MWh and 160MWh per year may continue to request to be transferred to the small business seasonal ToU tariff.
Flexibility for business customers with lower demand	Small business customers who did not consume more than 40MWh in the past 12 months may request to be transferred to the small business single rate, ToU or demand tariffs
Small business embedded network tariffs will be closed	We are proposing to close the embedded network tariffs as they have become obsolete, and we currently have no customers on them.

The proposed positions for our medium, large, high voltage and sub-transmission customers are summarised in the table below.

Table 1-3: Key changes for medium, large, high voltage and sub-transmission customers

Proposed change	Description of proposed change and implementation approach
CPD tariffs to remain, with increased flexibility in its operation	We are proposing to increase the flexibility in the number of days that can be called during each CPD season, being a minimum of two CPD days and the option to call up to a maximum of five CPD days.
Introducing Individually Calculated Customer (ICC) CPD locational tariffs for new customers	We propose to provide an alternative tariff option for our high voltage and sub-transmission customers who connect after 1 July 2026. Available to new customers, the locational component of the transmission costs (TUOS) will be individually calculated and passed through directly to customers.
Alpine customers may continue opt-in to our CPD tariffs	Customers in AusNet's alpine region may request to be transferred to the snowfield seasonal tariffs. Customers currently on the snowfield seasonal tariffs may request to be transferred to the CPD tariffs.
Transition away from legacy single rate and ToU tariffs	We will transition our medium and large customers on legacy single rate/ToU tariffs to CPD tariffs. To facilitate the transition, we will introduce transitional CPD tariffs that resemble the current CPD tariffs. We will reassign impacted customers onto these new tariffs and close the legacy single rate and ToU tariffs. The transitional tariffs will not be available to any new or existing customers which are not on a legacy single rate or ToU tariff.
Storage tariff trials to be extended	We will extend our four storage tariff trials until the end of FY31.

2. List of tariff classes and allocations

2.1. Rules requirements

The Rules require the tariff classes into which retail customers for direct control services will be divided during the relevant regulatory control period.[1]

This provision relates to direct control services[2], which comprise standard control services and alternative control services. This chapter addresses the Rules requirements in relation to standard control services. Chapter 7 presents the equivalent information in relation to alternative control services.

2.2. Tariff classes

In accordance with the Rules, this table below outlines AusNet's tariff classes. Further information about these tariffs is provided in later sections of this document.

Table 2-1: AusNet's network tariff classes

Tariff class	Typical customer	Tariffs
Residential	Residential customers Low voltage (230V & 415V) Annual consumption is < 160MWh per year	NEE11, NEE11S, NEE19, NAST11, NAST11S, NAST17, NEE24, NSP20, NSP23, NEE30, NEE31, NEE32, NEE33, RCER11
Small industrial & commercial	Small LV industrial & commercial customers Low voltage (230V & 415V) Annual consumption is < 160MWh per year	NEE12, NEE12S, NEE16, NEE17, NEE18, NAST12, NAST12S, NASN12, NASN12S, NASN19, NASN21, NASN2S, NSP21, NSP27, SSP27
Medium industrial & commercial	Medium LV industrial & commercial customers Low voltage (230V & 415V) Annual consumption is > 160MWh and < 400MWh per year	NEE52, NEE55, NSP55, NSP56, NAT56, NEN56
Large industrial & commercial	Large LV industrial & commercial customers Low voltage (230V & 415V) Annual consumption is > 400MWh per year	NSP75, NAT75, NSP76, NSP77, NSP78
High voltage	Large HV industrial & commercial customers High voltage (6.6kV, 11kV & 22kV)	NSP81, NSP82, NSP83, NAL84
Sub transmission	Large extra HV industrial & commercial customers, and supplies to Latrobe Valley Open cuts and works areas Sub transmission (66kV)	NSP91, NEE93, NSP94, NSP95, NAL96

[1] Clause 6.18.1A(a)(1).
[2] Clause 6.18.1.

3. Approach to setting tariffs, the basic export level and pricing principles

3.1. Rules requirements

The Rules require the TSS to include a description of the approach AusNet will take in setting each tariff in each year of the regulatory control period in order to comply with the pricing principles in clause 6.18.5.[3] In addition, clause 6.18.1A(b) requires that the TSS must comply with the pricing principles for direct control services. This chapter addresses these requirements in relation to standard control services, whilst Chapter 7 explains our approach in relation to alternative control services, which together comprise direct control services.

3.2. Network tariff compliance with the pricing principles

The following section demonstrates how our prices satisfy the Pricing Principles. In our annual tariff setting process, we will ensure that prices continue to reflect the Pricing Principles by having regard to the following constraints:

- the overall forecast revenue in any year, when summed across network tariff classes, is not more than the revenue allowance approved by the AER for that year, after allowing for any under- or over-recoveries in prior years, adjustments for actual inflation and pass-through amounts;
- the annual percentage changes in individual tariffs are within the side constraints set out in the Rules;
- the revenue for each tariff class lies between the stand-alone and avoidable costs of servicing that tariff class;
- where possible, the revenue for each tariff is equal to, or moving towards, recovery of the total efficient cost for that tariff; and
- where applicable, the demand component of the tariff is equal to, or moving towards, recovery of the long run marginal cost for that tariff.

Our annual prices will take account of the latest forecasts of customer numbers, consumption and demand. We will update our target network revenues (and target network prices) by:

- estimating the total efficient cost for each tariff;
- estimating the long run marginal cost for each tariff;
- determining the required long run marginal revenues for each tariff;
- calculating the residual costs for each tariff, which is the difference between the total efficient cost and the revenue for each tariff based on long run marginal cost;
- allocating the residual costs to tariffs in a manner which minimises distortions to the long run marginal cost price signals; and
- allocating the residual costs between the service charge and variable charge(s) that make up a tariff according to the characteristics of the tariff.

[3] Clause 6.18.1A(a)(5).

3.3. Transitional arrangements

Clause 6.18.5(h) states that:

> *A Distribution Network Service Provider must consider the impact on retail customers of changes in tariffs from the previous regulatory year and may vary tariffs from [the Pricing Principles] to the extent the Distribution Network Service Provider considers reasonably necessary having regard to:*
>
> *(1) the desirability for tariffs to comply with the Pricing Principles … albeit after a reasonable period of transition (which may extend over more than one regulatory control period);*
>
> *(2) the extent to which retail customers can choose the tariff to which they are assigned; and*
>
> *(3) the extent to which retail customers are able to mitigate the impact of changes in tariffs through their usage decisions.*

In light of this clause, we consulted widely on any proposed transitional arrangements, particularly with respect to vulnerable customers. In our current TSS, we concluded that the following customer groups were less likely to include vulnerable customers:

- New connections, being customers connecting to the network for the first time, and does not include re-energisations following a de-energisation (e.g. move-in customers, or after a disconnection for debt);
- Customers who choose to upgrade from single-phase to three-phase supply;
- Customers who choose to install solar or batteries; and
- EV customers.

We continue to regard this conclusion as valid. An important aspect of any transitional arrangement is the extent to which customers are able to choose their tariffs or opt-out of the new tariffs. As explained in further detail in section 5.2, we have concluded that the customer or, at their instruction, the customer's retailer, should be afforded choice in opting in or out of tariffs.

3.4. Annual pricing approval process for network tariffs

The indicative prices for the first year of the 2026-31 regulatory period are provided in an accompanying spreadsheet, as explained in Appendix C – Indicative pricing schedule. These prices accord with the revenue requirements set out in the accompanying Regulatory Proposal.

AusNet is required to submit an annual pricing proposal to the AER in each of years two through five of the regulatory control period. The annual pricing proposal must contain the information required by clause 6.18.2(b) of the Rules, which includes:

- the proposed tariffs for each tariff class that is specified in the TSS for the relevant regulatory control period;
- for each proposed tariff, the charging parameters and the elements of service to which each charging parameter relates;
- for each tariff class, the expected weighted average revenue for the relevant regulatory year and also for the current regulatory year;
- the nature of any variation or adjustment to the tariff that could occur during the course of the regulatory year and the basis on which it could occur;
- how designated pricing proposal charges[4] are to be passed on to customers and any adjustments to tariffs resulting from over or under recovery of those charges in the previous regulatory year;
- how jurisdictional scheme amounts for each approved jurisdictional scheme[5] are to be passed on to customers and any adjustments to tariffs resulting from over or under recovery of those amounts;

[4] Designated pricing proposal changes include charges for prescribed exit services; prescribed common transmission services; and prescribed TUOS services and avoided Customer TUOS charges. For the full definition of the term, please refer to Chapter 10 of the Rules.
[5] In Victoria, an approved *jurisdictional scheme* is the ESV levy scheme under section 8 of the Energy Safety Act 1998.

- how each approved jurisdictional scheme that has been amended since the last jurisdictional scheme approval date meets the jurisdictional scheme eligibility criteria;
- how system strength charges for system strength connection points on its network are to be passed through in accordance with clause 6.20.3A'
- demonstrating compliance with the Rules and any applicable distribution determination, including the TSS for the relevant regulatory control period;
- demonstrating how each proposed tariff is consistent with the corresponding indicative pricing levels for the relevant regulatory year as set out in the relevant indicative pricing schedule, or an explanation of any material differences between them; and
- describing the nature and extent of change from the previous regulatory year and demonstration that the changes comply with the Rules and any applicable distribution determination.

The annual pricing proposal must be submitted to the AER at least 3 months before the commencement of the second and each subsequent regulatory year of the regulatory control period. The table below sets out AusNet's indicative timetable for meeting this requirement.

Table 3-1: AusNet annual pricing proposal and approval process

Timing	Process
February – March	AusNet prepares the annual pricing proposal and revised indicative network use of system (**NUoS**) prices.
On or before 31 March	AusNet submits its annual pricing proposal to the AER for approval.
Mid May (6 weeks after submission of annual pricing proposal to the AER)	AER approves AusNet's annual pricing proposal.
1 July	New tariffs and any new tariff structures to take effect.

The annual pricing proposal will ensure that the proposed prices accord with the AER's revenue cap approved for each regulatory year.

3.5. Basic export level

To ensure alignment with the NER and the Export Tariff Guidelines, AusNet will propose a basic export level (**BEL**) of 1 kWh per day where solar exports will not attract an export charge.

We will apply this BEL to our residential CER tariff where solar exports between 11am to 4pm daily (local time) will be free of charge.

This will ensure that the BEL is simple and easy for customers and retailers to understand, and is consistent with the approach of the other Victorian distribution businesses.

3.6. Relative discounting between residential single rate and ToU tariff

In the 2026-31 regulatory period, AusNet will continue to discount its residential time of use to incentivise the take up of cost reflective tariffs.

In our 2026-31 TSS, we will:

- discount the residential ToU tariff relative to our residential single-rate tariff.
- For our residential ToU tariff, we will reduce the prices by one per cent per year so that it will be ten per cent cheaper relative to our single rate by FY31.

3.7. System strength charges

For a customer who connects to our distribution network and elects to pay the system strength charge associated with their system strength connection point, AusNet will, upon receipt of the system strength charge from the System Strength Services Provider (AEMO), pass the charge through to the customer.

3.8. Revenue generated must be between the stand-alone and avoidable cost of supply for a tariff class

The Rules require that for each tariff class, the revenue expected to be recovered should lie on or between:

- an upper bound representing the stand-alone cost of serving the retail customers who belong to that class; and
- a lower bound representing the avoidable cost of not serving those retail customers.

The rationale for these parameters is to ensure that inefficient connection and disconnection decisions are not made by users or prospective users of AusNet's distribution network.

Therefore, for a tariff to be efficient under the Rules, it must deliver a stream of revenue from a customer, or as a proxy, a class of customers, that is between the upper and lower bounds. This is commonly known as the 'efficient pricing band'. A price within this band is considered to be efficient if it is:

- Greater than the avoidable cost: If the revenue expected to be recovered from a customer or customer class does not exceed the cost that AusNet would avoid if it did not provide that customer or class of customers with electricity services, that customer is (a) being subsidised by AusNet's remaining customer base, and (b) would tend to over-consume electricity services, relative to efficient levels; and
- Less than the stand-alone cost: Exceeding the upper bound may incentivise the customer (or group of customers) to bypass AusNet's existing distribution network in order to avoid paying AusNet's tariffs, despite the fact that the incremental cost to AusNet of providing these services to that customer (or group of customers) may be less (and therefore more efficient) than the alternative (bypass) option.

AusNet considers that if a customer disconnected from its network, the main costs that it would avoid in the future would be related to it not having to design its network to cater for that customer's future coincident peak demands.

AusNet notes that there are a number of issues that affect the way the avoidable cost of supply could be calculated, including:

- The period over which avoided costs should be calculated (short term versus long-term) – this will affect whether or not avoided capex costs should be included, or just operating and maintenance costs.
- The consumption profile of the customer assumed to be disconnecting from the grid – this will affect whether or not AusNet will avoid future augmentation costs (because this will be a function of whether or not and the degree to which that customer is assumed to use electricity at times when the broader network is peaking); and
- Whether the avoided cost calculation should be based on the avoided costs of serving an individual customer, or a group of customers and, if the latter, whether that group should be assumed to be in a similar location – this will influence whether future capital expenditure associated with upgrading the network to meet required levels of service and replacement expenditure should be included in the calculation.

AusNet considers that the most appropriate approach to model this is to apply its estimated LRMC to the recent historical coincident peak demands that were recorded by a selection of customers.[6] For the avoidance of doubt, the LRMC selected reflects the voltage level at which that customer is assumed to be connected. This methodology

[6] For the avoidable and stand alone cost tests.

reasonably assumes that AusNet will not be able to avoid any replacement expenditure if a customer disconnects from its network.

Regarding the stand-alone cost test, AusNet notes that there are a number of methodologies that can be utilised to estimate the stand-alone cost of servicing a customer, or group of customers. In determining which approach should be used, AusNet considered a number of practical and theoretical issues. In particular, AusNet considered the extent to which the adoption of a theoretical stand-alone cost to serve a group of customers is consistent with the decisions that will be made by individual customers – particularly:

- whether individual customers are likely to cease to obtain supply from the existing system, rather than groups of customers.

As a result, AusNet has adopted an approach that focuses on the potential for an individual customer – rather than an entire customer class – to bypass its network. AusNet considers this to be a more practical, and robust application of the underlying economic principle that underpins the Rules, as it is likely to be individual customers that make the decision to bypass networks, not customer classes.

AusNet has further split its analysis into two categories, reflecting the likely alternative servicing solution that would be taken up by an individual customer:

- A by-pass solution has been adopted in relation to sub-transmission connected customers. To apply this methodology, AusNet has estimated the costs (in NPV terms) that two of its largest customers would incur if they were to bypass its distribution network, and then compared this to the NPV of those customer's future Distribution Use of System (DUOS) bills (based on current DUOS tariffs); and
- A non-network solution for its residential and commercial customers who are connected to the high voltage and low voltage networks. To apply this methodology, AusNet estimated the cost to various sized residential and small commercial customers (notionally, high, medium and low using customers) of installing a PV and battery system.

The approach for large customers focuses on the fact that it is the proximity of the customer to another potential alternative source of electricity that will be the predominant driver of a decision to bypass the network. Further, this acknowledges that the larger the customer, the less economic it is likely to be for it to utilise non-network sources of electricity (e.g. embedded generation).

The analysis for small customers recognises that it will be likely to be individual customers that seek to bypass AusNet's existing network to avoid having to pay their retail charges. Moreover, it reflects the fact that given the size of residential and small commercial customers, and the improvement in smaller scale distributed technologies, it will not be a network solution that is utilised to bypass the network.

The results of the analyses are set out in the table below.

Table 3-2: Results of stand-alone and avoidable cost modelling

Tariff class	Stand alone cost ($/kWh)	Avoided distribution costs ($/kWh)	Average DUOS bill ($/kWh)
Residential	$1.0990	$0.0254	$0.1243
Small industrial & commercial	$0.7647	$0.0155	$0.1353
Medium industrial & commercial	$0.3230	$0.0076	$0.1373
Large industrial & commercial	$0.4770	$0.0113	$0.0862
High voltage	$0.2406	$0.0060	$0.0409
Sub transmission	$0.0815	$0.0040	$0.0127

Source: AusNet

3.9. Long run marginal cost

The existing Rules require that in developing tariffs, AusNet must take into account the Long Run Marginal Cost (**LRMC**) for the service or, in the case of a charging parameter, for the element of the service to which the charging parameter relates.

The requirement to take into account the LRMC reflects a fundamental economic concept - namely allocative efficiency. Allocative efficient outcomes will be promoted if customers consume electricity up to the point where the

marginal benefit to them of consuming an additional unit of energy (kWh, kW or kVA, depending on the cost driver being priced) equals the marginal cost of providing that extra unit of energy to that customer.

When price deviates from the marginal cost of supply – in this case, the LRMC - customers will consume either:

- too much of the service attribute, which will occur if the marginal price is less than its true cost (i.e., some customers will consume electricity services, even though the cost of providing them with an additional unit of that service attribute exceeds the benefit that they receive from consuming that service), or
- not enough of the service attribute, which will occur if the marginal price is greater than its cost of supply (i.e., some customers will not consume electricity services, even though the cost of providing them with an incremental unit of that service attribute is less than the incremental benefit that they would receive from consuming that additional unit).

The LRMC for a network service can be calculated in several different ways. These include the Average Incremental Cost (AIC) approach, which is underpinned by a business' forecast of its future costs (numerator) that will change as a result of its forecast change in demand (denominator), with both the numerator and denominator discounted back to create a Net Present Value (NPV). An alternative approach is to use the perturbation approach, which in practical terms, seeks to ascertain how a business' expected future costs would change (in NPV terms) if there was an incremental increase (or decrease) in the future levels of demand for its services. This approach is generally considered to be more suited to wholesale supply systems where there is lumpy capital investment (exhibiting significant scale efficiencies) required to augment the system.

AusNet has chosen to adopt the AIC approach for the purposes of calculating the LRMC outlined in this submission. AusNet has adopted this approach for several reasons, including, but not limited to:

- It is commonly used by distribution networks, as it is generally considered to be well suited to situations where there is fairly consistent profile of investment over time to service growth in demand, and
- It does not rely on a forecast of growth in the demand for AusNet Services' services that differs materially from the broader forecasts that underpin other components of this regulatory submission.

The AIC approach to determining the LRMC utilises the following formula[7]:

$$LRMC = \frac{\sum NPV(Forecast\ Augmentation\ Capex + Forecast\ Augmentation\ related\ Opex\ )}{\sum NPV\ (Forecast\ Cumulative\ Growth\ in\ MVA)}$$

Typically, LRMC calculations focus on "peak demand" (or import services) as the service or cost driver. However, it is important to note that LRMCs can be calculated for other services or cost drivers. For instance, LRMC can be readily computed for "export services". AusNet has developed estimates for both import and export services.

AusNet incurs several different 'types' of costs, not all of which are relevant to the derivation of its LRMC. It has only included forecast costs that it considers might be able to be mitigated by the broader customer base, if they were to respond to the price signal derived by the LRMC. In general, this means that only 'shared network augmentation' costs (for both import and export) that will vary with changes in future demand (and any associated opex[8]) have been included. For import services, these costs have been allocated to three network categories – sub transmission, high voltage and feeders/LV network.

AusNet has included the following types of costs in its LRMC model:

- Forecast augmentation capital expenditure: As future changes in customer demand (MW) can affect the timing and size (and therefore cost) of any expenditure in this cost category; and
- Incremental forecast operating expenditure related to changes in demand or energy consumption: As future changes in customer demand and consumption are likely to drive a small amount of its future operating expenditure (e.g., short run operational and maintenance costs).

AusNet has explicitly excluded the following costs from its LRMC model:

- Forecast replacement capital expenditure: The timing and scale of these costs is not expected to be materially affected by AusNet's forecast change in demand or energy consumption, rather, these costs are predominately driven by condition and risk factors unrelated to the loads placed on the asset.[9]

[7] This formula specifically relates to the development of LRMCs for demand (import), not export services. The approach adopted for export services is the same, except that the denominator is the growth in kWh enabled as a result of the investment (the numerator).
[8] AusNet has assumed that OPEX in a year is 0.5% of the cumulative capex that has been spent to that point.
[9] For example, if demand remained the same – i.e., there was neither an increase or decrease from current levels – AusNet's replacement expenditure would remain almost identical to that which it proposes under its existing program of works (which reflects its current forecast of peak demand).

- Forecast corporate, safety related and IT capital expenditure costs: The timing and scale of these costs will not be affected by changes in future customer demand or energy consumption.
- Sunk costs: This expenditure will not be influenced by future changes in demand or consumption.
- Non-incremental forecast operating expenditure: This expenditure will not be influenced by future changes in demand or consumption.

AusNet has used the cumulative growth in its forecast system-wide peak demand as its denominator for the purposes of determining its import LRMC. For its export LRMC, it has used the energy it is forecasting will be released back into its network because of the expenditure it is proposing to spend on solar enablement.

The results of the LRMC analysis are contained in the tables below.

Table 3-3: LRMC results – Import

Tariff class	Voltage level	LRMC ($/kVA)
Residential	Low voltage	$93.64
Small industrial & commercial	Low voltage	$93.64
Medium industrial & commercial	Low voltage	$93.64
Large industrial & commercial	Low voltage	$93.64
High voltage	High voltage	$48.29
Sub transmission	Sub transmission	$31.17

Source: AusNet

Table 3-4: LRMC results – Export

Tariff class	Voltage level	LRMC ($/kWh)
Residential	Low voltage	$0.0043

Source: AusNet

3.10. Recover residuals in a way that least distorts consumption behaviour

Clause 6.18.5(g)(3) states that clauses 6.18.5(g)(1) and (2) (which relate to recovering the efficient costs of serving retail customers that are assigned to a particular tariff) must be complied with:

> *"in a way that minimises distortions to the price signals for efficient usage that would result from tariffs that comply with the pricing principle set out in [clause 6.18.5](f)".*

Our approach to tariff design is consistent with this principle because our objective is to provide variable charges that reflect the LRMC of providing the service, whilst the residual revenue requirement for each tariff is recovered as a fixed charge. This charging approach – known as a 'two part tariff' – is designed to meet this pricing principle.

3.11. Able to be transitioned to cost-reflective levels over time

Clause 6.18.5(h) states:

> A Distribution Network Service Provider *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 the Distribution Network Service Provider considers reasonably necessary having regard to*
>
> *(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);*
>
> *(2) the extent to which retail customers can choose the tariff to which they are assigned; and*
>
> *(3) the extent to which retail customers are able to mitigate the impact of changes in tariffs through their usage decision.*

In setting our tariffs, our objective is to comply with the pricing principles in clauses 6.18.5(e) to (g) whilst having regard to:

- the existing tariff arrangements and rates, so that we avoid 'price shocks' by providing a reasonable degree of continuity to retail customers and retailers; and
- the feedback from our customers and stakeholders on proposed changes to our tariffs.

3.12. Stakeholder consultation

Clause 6.18.5(i) states that:

> *The structure of each tariff must be reasonably capable of being understood by retail customers that are assigned to that tariff, having regard to:*
>
> *(1) the type and nature of those retail customers; and*
>
> *(2) the information provided to, and the consultation undertaken with, those retail customers.*

The effect of this Rule, and the broader requirements of the National Electricity Law – in particular the National Electricity Objective - is to require the distribution business to consult with its customers as part of the development of this TSS.

The TSS Explanatory Paper that accompanies this TSS provides details on our extensive consultation with customers and stakeholders.

3.13. Compliance with Applicable Regulatory Instruments

Clause 6.18.5(j) states that:

> *A tariff must comply with the Rules and all applicable regulatory instruments*.

Our proposed tariffs comply with this provision.

3.14. Side constraints

Under Clause 6.18.6, AusNet is limited to the annual movement of revenue recovery between tariff classes. Any tariff class weighted average revenue for a regulatory year cannot be increase for the preceding regulatory year in that regulatory period by more than the permissible percentage. The side constraint applies to DUOS only and/or the tariff class as a whole, and not to individual tariffs, tariff elements, nor individual customer outcomes. AusNet also notes that the side constraint does not apply to the first year of a regulatory period.

Compliance with the side constraint will be discussed in our annual pricing proposals and is not discussed in detail in this TSS. AusNet, in regulatory years 2 to 5 in the 2026-31 regulatory period, will ensure that we will comply with the side constraints and not move our weighted average revenue for any tariff class by more than the permissible percentage.

3.15. Network tariff exemptions in certain circumstances

Customers with generation facilities or batteries may be partially or fully exempt from a network tariff if the customer has signed a contract with AusNet which permits the exemption.

AusNet would only enter into such a contract if:

- there is no load at the site other than load associated with the generation facility or battery;
- the generator or battery will be called upon for providing network support services and will not actively engage in any competitive market activities whilst providing this service;
- only the generation facility or battery charging load associated with providing network support services will be eligible for the network tariff exemption, which will be applied as part of the rebate based on the network support services to be provided;[10] and
- the load associated with non-regulated services will be subject to network tariff.

The exemption from a network tariff may also impact the calculation of the customers' connection cost and require the customer to waive their right to access avoided transmission use of system payments.

All other batteries must be assigned to tariffs according to the tariff class assignment criteria. Any generation facilities or batteries owned by AusNet and installed to manage the distribution network will be exempt from a network tariff.

If a distributor-owned battery provides non-regulated services under ring-fencing arrangements the load associated with non-regulated services will be subject to network tariffs consistent with other assets having a similar connection to, and use of, the network.

Network revenue not earned because of the exemption of network tariffs will be recovered under the applicable price control mechanism in subsequent years.

[10] A policy will be published on 1 July 2026 to outline AusNet's approach to network tariff exemption.

4. Explanation of tariff structures, charging parameters and classes

4.1. Rules requirements

The Rules require the following information to be presented in the TSS:

- the structures for each proposed tariff;[11]
- the charging parameters for each proposed tariff;[12] and
- outline that each retail customer for direct control services must be a member of one or more tariff classes.[13]

These provisions relate to direct control services[14], which comprise standard control services and alternative control services. This chapter addresses the Rules requirements in relation to standard control services. Chapter 7 presents the equivalent information in relation to alternative control services.

[11] Clause 6.18.1A(a)(3).
[12] Clause 6.18.1A(a)(4).
[13] Clause 6.18.3.
[14] Clause 6.18.1.

4.2. Tariff structures for standard control services

This section sets out our network tariff structures and charging parameters for each tariff applicable in the 2026-31 regulatory period.

Table 4-1: Charging parameters for residential network tariffs

Tariff class	Tariff code	Tariff Structure	Description	Closed to New Entrants	Standing charge $/year	Anytime c/kWh	Block 1 c/kWh	Block 2 c/kWh	Peak c/kWh	Shoulder all year c/kWh	Summer peak c/kWh	Summer shoulder c/kWh	Winter peak c/kWh	Off Peak c/kWh	Dedicated circuit c/kWh	Solar soak c/kWh	Export charge c/kWh	Export reward c/kWh	Capacity $/kVA/yr	Critical peak demand $/kVA/yr	Monthly peak kW demand $/kW/mth	Monthly off peak kW demand $/kW/mth
Residential	NEE11	1	Small single rate	No	✓		✓	✓														
	NEE11S	1	Small single rate standard feed in	No	✓		✓	✓														
	NEE19	1 & 19	Small single rate & dedicated circuit 24 hour	No	✓		✓	✓							✓							
	NAST11	16	Small residential time of use	No	✓				✓					✓		✓						
	NAST11S	16	Small residential time of use standard feed in	No	✓				✓					✓		✓						
	NAST17	16 & 19	Small residential time of use & dedicated circuit 24 hour	No	✓				✓					✓	✓	✓						
	NEE24	4	Small two rate 8:00 to 8:00*	Yes	✓				✓					✓								
	NSP20	7	Small interval meter time of use	Yes	✓						✓	✓	✓	✓								
	NSP23	7	Small interval meter time of use solar installation standard feed in	Yes	✓						✓	✓	✓	✓								
	NEE30	9	Small dedicated circuit	Yes											✓							
	NEE31	10	Small dedicated circuit with afternoon boost	Yes											✓							
	NEE32	11	Small dedicated circuit 8:00 to 8:00	Yes											✓							
	NEE33	19	Small dedicated circuit 24 hour	Yes											✓							
	RCER11	20	Residential CER	No	✓				✓					✓		✓	✓	✓				

* Available to customers in rural areas with heating requirement

Table 4-2: Charging parameters for small industrial and commercial network tariffs

Tariff class	Tariff code	Tariff Structure	Description	Closed to New Entrants	Standing charge $/year	Anytime c/kWh	Block 1 c/kWh	Block 2 c/kWh	Peak c/kWh	Shoulder all year c/kWh	Summer peak c/kWh	Summer shoulder c/kWh	Winter peak c/kWh	Off Peak c/kWh	Dedicated circuit c/kWh	Solar soak c/kWh	Export charge c/kWh	Export reward c/kWh	Capacity $/kVA/yr	Critical peak demand $/kVA/yr	Monthly peak kW demand $/kW/mth	Monthly off peak kW demand $/kW/mth
Small industrial & commercial	NEE12	1	Small single rate	No	✓		✓	✓														
	NEE12S	1	Small single rate standard feed in	No	✓		✓	✓														
	NEE16	1 & 9	Small single rate & dedicated circuit	Yes	✓		✓	✓							✓							
	NEE17	1 & 10	Small single rate & dedicated circuit with afternoon boost	Yes	✓		✓	✓							✓							
	NEE18	1 & 11	Small single rate & dedicated circuit 8:00 to 8:00	Yes	✓		✓	✓							✓							
	NAST12	17	Small business time of use	No	✓				✓					✓								
	NAST12S	17	Small business time of use standard feed in	No	✓				✓					✓								
	NASN12	15	Small business single rate demand	No	✓	✓															✓	✓
	NASN12S	15	Small business single rate demand standard feed in	No	✓	✓															✓	✓
	NASN19	15	Business > 40 MWh single rate demand	No	✓	✓															✓	✓
	NASN21	2	Business > 40 MWh two rate demand	No	✓				✓					✓							✓	✓
	NASN2S	2	Business > 40 MWh two rate demand standard feed in	No	✓				✓					✓							✓	✓
	NSP21	7	Small interval meter time of use	Yes	✓						✓	✓	✓	✓								
	NSP27	7	Small interval meter low peak time of use	Yes	✓						✓	✓	✓	✓								
	SSP27	7	Small interval meter time of use solar installation standard feed in	Yes	✓						✓	✓	✓	✓								

Table 4-3: Charging parameters for medium, large, high voltage and sub transmission industrial and commercial network tariffs

Tariff class	Tariff code	Tariff Structure	Description	Closed to New Entrants	Standing charge $/year	Anytime c/kWh	Block 1 c/kWh	Block 2 c/kWh	Peak c/kWh	Shoulder all year c/kWh	Summer peak c/kWh	Summer shoulder c/kWh	Winter peak c/kWh	Off Peak c/kWh	Dedicated circuit c/kWh	Solar soak c/kWh	Export charge c/kWh	Export reward c/kWh	Capacity $/kVA/yr	Critical peak demand $/kVA/yr	Monthly peak kW demand $/kW/mth	Monthly off peak kW demand $/kW/mth
Medium industrial & commercial	NEE52	3	Medium unmetered	No					✓					✓								
	NEE55	12	Medium snowfields	No	✓				✓					✓								
	NSP55	7	Medium interval meter time of use snowfields	No	✓						✓	✓	✓	✓								
	NSP56	18	Medium critical peak demand 160 MWh to 400 MWh	No	✓				✓	✓				✓					✓	✓		
	NAT56	18	Medium critical peak demand 160 MWh to 400 MWh (Transitional)	Yes	✓				✓	✓				✓					✓	✓		
	NEN56	13	Medium critical peak demand 160 MWh to 400 MWh within embedded	Yes	✓				✓	✓				✓					✓	✓		
Large industrial & commercial	NSP75	13	Large critical peak demand 400 MWh to 750 MWh	No	✓				✓	✓				✓					✓	✓		
	NAT75	13	Large critical peak demand 400 MWh to 750 MWh (Transitional)	Yes	✓				✓	✓				✓					✓	✓		
	NSP76	13	Large critical peak demand 750 MWh to 2000 MWh	No	✓				✓	✓				✓					✓	✓		
	NSP77	13	Large critical peak demand 2000 MWh to 4000 MWh	No	✓				✓	✓				✓					✓	✓		
	NSP78	13	Large critical peak demand over 4000 MWh	No	✓				✓	✓				✓					✓	✓		
High voltage	NSP81	14	High voltage critical peak demand	No	✓				✓					✓					✓	✓		
	NSP82	13	High voltage critical peak demand traction	No	✓				✓	✓				✓					✓	✓		
	NSP83	13	High voltage critical peak demand low energy use	No	✓				✓	✓				✓					✓	✓		
	NAL84	14	High voltage critical peak demand locational	No	✓				✓					✓					✓	✓		
Sub transmission	NSP91	14	Sub transmission critical peak demand < 25 MVA & < 20 km from ts	No	✓				✓					✓					✓	✓		
	NEE93	3	Large Labtrobe Valley open cut supplies	Yes					✓					✓								
	NSP94	14	Sub transmission critical peak demand > 25 MVA & < 20 km from ts	No	✓				✓					✓					✓	✓		
	NSP95	14	Sub transmission critical peak demand < 25 MVA & > 20 km from ts	No	✓				✓					✓					✓	✓		
	NAL96	14	Sub transmission critical peak demand locational	No	✓				✓					✓					✓	✓		

Table 4-4: AusNet's tariff structures and charging parameters

Tariff structure	Charging parameter	Unit	Tariff structure description
1	Standing charge	$/yr	
	Inclining block 1	c/kWh	1020 kWh/qtr
	Inclining block 2	c/kWh	kWh balance
2	Standing charge	$/yr	
	Peak	c/kWh	7:00 AM to 11:00 PM Monday to Friday
	Off peak	c/kWh	All other times
	Demand	$/kW/mth	3:00PM to 9:00PM ADST Monday to Friday. Peak season - December to March, Off Peak - All other months
3	Standing charge	$/yr	
	Peak	c/kWh	7:00 AM to 11:00 PM Monday to Friday
	Off peak	c/kWh	All other times
4	Standing charge	$/yr	
	Peak	c/kWh	8:00 AM to 8:00 PM Monday to Friday
	Off peak	c/kWh	All other times
5	Standing charge	$/yr	
	Peak	c/kWh	7:00 AM to 11:00 PM Monday to Sunday
	Off peak	c/kWh	All other times
6	Standing charge	$/yr	
	Energy	c/kWh	All energy
7	Standing charge	$/yr	
	Summer peak	c/kWh	2:00 PM to 6:00 PM Monday to Friday, December to March
	Summer shoulder	c/kWh	12:00 PM to 2:00 PM and 6:00 PM to 8:00 PM Monday to Friday, December to March
	Winter peak	c/kWh	4:00 PM to 8:00 PM Monday to Friday, June to August
	Off peak	c/kWh	All other times
8	Standing charge	$/yr	
	Summer		2:00 AM AEST First Sunday in October to 2:00 AM AEST First Sunday in April
	Peak	c/kWh	3:00 PM to 9:00 PM Monday to Friday
	Shoulder	c/kWh	7:00 AM to 3:00 PM and 9:00 PM to 10:00 PM Monday to Friday, 7:00 AM to 10:00 PM Saturday to Sunday
	Off peak	c/kWh	All other times
			AEDT in summer, AEST all other times
9	Standing charge	$/yr	
	Dedicated circuit	c/kWh	11:00 PM to 7:00 AM Monday to Sunday
10	Standing charge	$/yr	
	Dedicated circuit	c/kWh	11:00 PM to 7:00 AM and 1:00 PM to 4:00 PM Monday to Sunday
11	Standing charge	$/yr	
	Dedicated circuit	c/kWh	6 or 8 Hrs between 8:00 PM to 8:00 AM Monday to Sunday
12	Standing charge	$/yr	
	Peak	c/kWh	1 May to 30 September
	Off peak	c/kWh	All other times

Tariff structure	Charging parameter	Unit	Tariff structure description
13	Standing charge	$/yr	
	Peak	c/kWh	7:00 AM to 10:00 AM and 4:00 PM to 11:00 PM Monday to Friday
	Shoulder	c/kWh	10:00 AM to 4:00 PM Monday to Friday
	Off peak	c/kWh	All other times
	Capacity	$/kVA/yr	Fixed value
	Critical peak demand	$/kVA/yr	Average of up to five values recorded between 3:00 PM and 7:00 PM ADST on days nominated in advance
14	Standing charge	$/yr	
	Peak	c/kWh	7:00 AM to 11:00 PM Monday to Friday
	Off peak	c/kWh	All other times
	Capacity	$/kVA/yr	Fixed value
	Critical peak demand	$/kVA/yr	Average of up to five values recorded between 3:00 PM and 7:00 PM ADST on days nominated in advance
15	Standing charge	$/yr	
	Anytime	c/kWh	All energy
	Monthly demand	$/kW/mth	3:00 PM to 9:00 PM ADST Monday to Friday. Peak season - December to March, Off Peak Season - All other months
16	Standing charge	$/yr	
	Solar soak	c/kWh	11:00 AM to 4:00 PM Monday to Sunday*
	Peak	c/kWh	4:00 PM to 9:00 PM Monday to Sunday*
	Off peak	c/kWh	All other times*
17	Standing charge	$/yr	
	Peak	c/kWh	9:00 AM to 9:00 PM Monday to Friday*
	Off peak	c/kWh	All other times
18	Standing charge	$/yr	
	Peak	c/kWh	4:00 PM to 9:00 PM Monday to Friday
	Shoulder	c/kWh	10:00 AM to 4:00 PM Monday to Friday
	Off peak	c/kWh	All other times
	Capacity	$/kVA/yr	Fixed value
	Critical peak demand	$/kVA/yr	Average of up to five values recorded between 3:00 PM and 7:00 PM ADST on days nominated in advance
19	Standing charge	$/yr	
	Dedicated circuit	c/kWh	12:00 AM to 12:00 AM Monday to Sunday
20	Standing charge	$/yr	
	Solar soak	c/kWh	11:00 AM to 4:00 PM Monday to Sunday*
	Export charge	c/kWh	11:00 AM to 4:00 PM Monday to Sunday*^
	Peak	c/kWh	4:00 PM to 9:00 PM Monday to Sunday*
	Export reward	c/kWh	4:00 PM to 9:00 PM Monday to Sunday*
	Off peak	c/kWh	All other times*

* Based on local time

^ Includes a BEL of 1kWh per day

4.2.1. Critical peak demand tariffs

The below table summarises the pricing structure applicable to all of our CPD tariffs.

Table 4-5: CPD pricing structure

Tariff component	Description
Standing charge	Fixed annual charges
Energy charge	Peak and off peak; or peak, shoulder and off peak
Capacity charge	1. For low voltage connections the capacity charges assigned is the nameplate rating of the transformer supplying the customer's installation. For sites where the transformer is not dedicated to the customer installation, the charge is set by reference to the portion of the nameplate rating of the transformer that is allocated to the customer's requirements; and
Critical peak demand charge	2. For high voltage and sub transmission connections, capacity is assigned according to the rating of the cabling and switchgear that makes the customer's connection point.
Defined critical peak demand period	The demand charge is based on the average of the customer's maximum kVA recorded on the nominated peak demand weekdays during the defined critical peak demand period. The average is used as an input into the demand charge for the 12 month period from 1 April to 31 March.

4.2.1.1. ICC CPD locational tariffs

Customers assigned to the ICC CPD locational tariffs will have the same CPD structure as described in section 4.2.1.

The calculation of prescribed locational TUOS is summarised below.

- (A) Identifying the customers' demand[15] in each of 30 min period each month in a T-2 financial year when the correlating terminal station demand was highest;[16]
- (B) Calculating the average demand during (A);
- (C) Multiplying the locational price ($/MW) that applies to each terminal station by the average demand (B); and
- The total annual prescribed locational cost calculated in (C) will be passed through directly by allocating it as a fixed charge under the TUOS component of the ICC CPD locational tariff. The charge will be billed monthly.

Figure 4-1: Example of AEMO's locational prices for each terminal station in AusNet's region

[15] AusNet will only calculate this charge when customers demand data is included in the T-2 financial year data.
[16] In accordance with AEMO's 365 methodology to determine the monthly maximum demand.

4.2.1.2. Nomination of CPD days

In tariffs for medium and large business customer classes, the critical peak demand component is calculated as the average peak demand of up to five days in the year that are forecast to be the most onerous for the network. These days, which typically occur during heatwave conditions are the CPD days. AusNet advises customers at least one day in advance that a CPD day is declared. This allows customers the opportunity to take a load reduction response, which is the objective of the price signal.

The tariff allows for CPD days to be declared only in the CPD season from December to March. For the 2026-31 regulatory period, AusNet will be required to call a minimum of two CPD days and the option to call up to a maximum of five CPD days during each CPD season. AusNet considers weather and network loading trends over these periods to assess whether the network loading on a day in the near-term weather forecast period is likely to lead to one of the highest network loading days for the year. Other circumstances may also lead to a CPD day being declared such as requests to manage state-wide demand.

4.2.1.3. Waiving maximum demand on CPD nominated days

In the 2026-31 regulatory period, customers on a CPD tariff may request that the maximum demand recorded on nominated critical peak days are exempt for the purpose of setting the CPD charges for the subsequent 1 April to 31 March period.

Waiving maximum demand will be considered if:

- An event on the connecting electricity distribution network has occurred which affected the customer's ability to respond on a critical peak day; or
- A force majeure event occurs, in which the customer needs to demonstrate a force majeure event prevented the customer from reducing its demand.

Waived network revenue will be recovered under the applicable price control mechanism in subsequent years.

4.2.1.4. Review of the capacity value

Customers on CPD tariffs may submit a request to AusNet to review the capacity value assigned for the capacity element of the tariff, as follows:

(a) Increase to capacity - Where a customer requires increased capacity, an application may be made to AusNet for the network to be augmented to cater for the new requirements. Any variation will be made in accordance with AusNet's supply extension policy.

(b) Reduction to capacity - Capacity values are not reviewable except in circumstances where a customer's requirement has changed significantly and the assigned capacity will no longer be required.

4.2.2. Minimum metering requirement

The below table outlines the minimum metering requirement for each tariff.

Table 4-6: Minimum metering requirement

Tariff code	Minimum metering requirement
NEE11, NEE12	Basic type 6 single register accumulation meter.
NEE24, NEE33, NEE52, NEE55, NEE93	A basic type 6 dual register with an electronic time switch, capable of switching all loads to off peak overnight and at weekends.
NEE16, NEE17, NEE18, NEE19	Two basic type 6 single register accumulation meters, one switched by timing device, or a basic type 6 dual register accumulation meter with second register switched by timing device.
NASN12, NASN19, NASN21, NSP55, NAST11, NAST12	An advanced interval single element meter, "smart meter".
NSP20, NSP21, NSP27	An advanced interval single element meter, and an electronic time switch, capable of registering and recording energy consumption to derive off peak energy consumed during overnight and weekend use.
NSP23, SSP27	An advanced interval meter with export registers and an electronic time switch, capable of registering and recording energy consumption to derive off peak energy consumed during overnight and weekend use.

NAST17	An advanced internal two element meter, "smart meter" where the second element applies to a dedicated circuit that is switched by AusNet Services and that is required to be separately measured to other off peak load.
NEE11S, NEE12S, NASN12S, NASN2S, NAST11S, NAST12S, RCER11	An interval meter with export registers and an electronic time switch, capable of registering and recording energy consumption to derive off peak energy consumed during overnight and weekend use.
NSP56, NEN56, NSP75, NSP76, NSP77, NSP78, NSP81, NSP82, NSP83, NSP91, NSP94, NSP95, NAT56, NAT75, NAL84, NAL96	An interval meter, capable of measuring kWh and kVAR integrated over a 30-minute period.

5. Tariff assignment procedures and policies

5.1. Rules requirements

Clause 6.18.1A(a)(2) of the Rules requires the TSS to state the policies and procedures AusNet will apply for assigning retail customers to tariffs or reassigning retail customers from one tariff to another (including any applicable restrictions).

Clause 6.18.4(a) requires the AER to have regard to the following principles in formulating the provisions of a distribution determination governing the assignment or reassignment of retail customers to tariffs:

(1) retail customers should be assigned to tariff classes on the basis of one or more of the following factors:

  (i) the nature and extent of their usage

  (ii) the nature of their connection to the network

  (iii) whether remotely-read interval metering or other similar metering technology has been installed at the retail customer's premises as a result of a regulatory obligation or requirement

(2) retail customers with a similar connection and usage profile should be treated on an equal basis

(3) however, retail customers connected to a regulated SAPS should be treated no less favourably than retail customers without such facilities but with a similar load profile

(4) a Distribution Network Service Provider's decision to assign a customer to a particular tariff class, or to reassign a customer from one tariff class to another should be subject to an effective system of assessment and review.

5.2. Policies and procedures for tariff assignment

The purpose of this section is to summarise the tariff assignment and reassignment options applicable to our customer classes. A detailed tariff assignment policy for the 2026-31 regulatory period is provided in Appendix A of this TSS compliance document.

Residential customers

For residential customers, AusNet proposes to:

- Update the residential ToU tariff structure to a "solar soak" daytime period of 11am-4pm and a peak period of 4pm-9pm (both local times), applicable to all days of the week;
- Close the residential demand tariffs and reassign customers to the residential ToU tariff;
- Allow customers with solar and/or batteries, and EV customers with dedicated chargers to opt-in and opt-out of the new residential CER tariff; and
- All existing residential customers on a dedicated circuit tariff to be reassigned to the new dedicated circuit tariffs, and the existing dedicated circuit tariffs will be closed.

In accordance with clause 6.18.4 of the Rules, AusNet will adopt the following assignment and reassignment policies and procedures for residential customers:

- **New residential customers:**

From 1 July 2026, new residential customer connections, customers upgrading to three phase metering, customers with new solar or battery installations, and EV customers with dedicated chargers[17] will be assigned to the residential ToU price structures.

- **Existing residential customers:**

  Customers on the single rate price structure or their retailer may request to be transferred to the residential ToU price or new dedicated circuit[19] price structures.

  Customers on the legacy or seasonal ToU price structure or their retailer may request to be transferred to the single rate, residential ToU or new dedicated circuit[19] price structures.

  Customers with CER (i.e. solar and/or batteries, EV with dedicated chargers[17]) or their retailer may request to be transferred to the CER price structure.

  Customers on the dedicated circuit price structure or their retailer may request transfer to the single rate or residential ToU price structures.

- **Opt-out provisions:**

  New residential customer connections, three-phase upgrade customers and demand customers that are assigned to the residential ToU price structure or their retailer may request to be transferred to the single rate or CER price structure. EV customers with dedicated chargers cannot opt-out of the ToU price structure into a single rate price structure.

  Residential solar customers or their retailer may request transfer to the solar single rate price structures.

  Customers with CER or their retailer may request to be transferred to the solar single rate or residential ToU price structures.

The table below summarises our tariff assignment and reassignment for residential customers.

Table 5-1: Residential assignment and tariff options

Tariffs	Assignment	Tariff options (upon request from retailer)
Residential ToU	New connections Supply upgrades to three-phase Customers installing solar or battery EV customers with dedicated chargers[17] Existing residential demand customers	Single rate[18], new dedicated circuit[19] or CER[20]
Single rate	All existing customers remain	Residential ToU, new dedicated circuit[19] or CER[20]
Legacy ToU	All existing customers remain	Single rate[18], residential ToU, new dedicated circuit[19] or CER[20]
Seasonal ToU	All existing customers remain	Single rate[18], residential ToU, new dedicated circuit[19] or CER[20]
CER	Customers with solar and/or batteries, or EV customers with dedicated chargers[17]	Single rate[18] or residential ToU
New dedicated circuit	All existing dedicated circuit residential customers[21]	Single rate[18], residential ToU or CER[20]

Small business customers (consuming not more than 40MWh per year)

For small business customers, AusNet is not proposing any significant changes to the existing tariffs, and will adopt the following assignment and reassignment policies and procedures for small business customers:

[17] Dedicated charger means a dedicated charger for an electric powered passenger car with a specified capacity or charging rate of 3.6kW or greater, as defined in the Victorian Government's Advanced Meter Infrastructure (Retail and Network Tariffs) Order in Council, dated 16 June 2021 (referred to as AMI Order in Council for the remainder of the document).
[18] AusNet will comply with any requirement of the AMI Order in Council, which may restrict some customers, i.e. small customers with EV charging infrastructure, from requesting transfer to the single rate price structure.
[19] Includes assignment to single rate or residential ToU dedicated circuit price structure combinations.
[20] Eligible to customers with solar and/or batteries, and EV customers with dedicated charges.
[21] Applies to customers on single rate and residential ToU dedicated circuit price structure combinations.

- **New small business customers:**

  From 1 July 2026, new small business customer connections, customers upgrading to three phase metering, customers with new solar or battery installations, and EV customers with dedicated chargers[17] will be assigned to the small business ToU price structures.

- **Existing small business customers:**

  Customers on the single rate price structure or their retailer may request to be transferred to the small business ToU or demand price structures.

  Customers on the seasonal ToU price structure or their retailer may request to be transferred to the single rate, small business ToU or demand price structures.

  Customers on the demand price structure or their retailer may request to be transferred to the single rate or small business ToU price structures.

- **Opt-out provisions:**

  New small business customer connections and three-phase upgrade customers that are assigned to the small business ToU price structure or their retailer may request to be transferred to the single rate, or demand price structures.

  Small business solar customers or their retailer may request to be transferred to the solar single rate or demand price structures.

The table below summarises our tariff assignment and options for small business customers.

Table 5-2: Small business consuming 40MWh or less per year: Assignment and tariff options

Tariffs	Assignment	Tariff options (upon request from retailer)
Small business ToU	New connections Supply upgrades to three-phase Businesses installing solar or battery EV customers with dedicated chargers[17]	Single rate[22] or demand
Single rate[23]	All existing customers remain	Small business ToU or demand
Seasonal ToU[24]	All existing customers remain	Single rate[22], small business ToU or demand
Demand	All existing customers remain	Single rate[22] or small business ToU

Small business customers (consuming between 40MWh to 160MWh per year)

For small business customers consuming between 40MWh and 160MWh per year, we propose to maintain the same pricing structures, and adopt the following assignment and reassignment policies:

- **New small business customers:**

  New small business customers who satisfy the 40MWh to 160MWh per year threshold will be assigned to demand tariffs.

  New small business solar customers who satisfy the 40MWh to 160MWh per year threshold will be assigned to a solar demand tariff.

- **Existing small business customers:**

  Small business customers who qualify for the 40MWh to 160MWh per year threshold will be reassigned to the demand tariffs.

  Small business solar customers who qualify for the 40MWh to 160MWh per year threshold will be reassigned to a solar demand tariff.

  Small business customers who qualify will be reassigned at the commencement of each regulatory year in the 2026-31 period.

- **Opt-out provisions:**

[22] AusNet will comply with any requirement of the Victorian Government's AMI Orders in Council, which may restrict some customers, i.e. small customers with EV charging infrastructure, from requesting transfer to the single rate price structure.
[23] Includes single rate price structures with a dedicated circuit. It is also closed to new entrants.
[24] Closed to new entrants.

Small business customers or their retailer may request to be transferred to the seasonal ToU tariff.

Small business solar customers or their retailer may request to be transferred to the solar seasonal ToU tariff.

Small business customers or their retailer who consume not more than 40MWh in the preceding 12 months, may request to be transferred to the single-rate, ToU or demand tariff.

Small business solar customers or their retailer who consume not more than 40MWh in the preceding 12 months, may request to be transferred to the solar variant of the single-rate, default ToU or demand price structures.

The table below summarises our tariff assignment and options for small business customers consuming between 40MWh and 160MWh per year.

Table 5-3: Small business consuming between 40MWh to 160MWh per year: Assignment and tariff options

Tariffs	Assignment	Tariff options (upon request from retailer)
Demand	New customers All existing customers Existing customers who qualify	Seasonal ToU[25], single-rate, default ToU or demand[26]

Medium and large Industrial & Commercial (I&C) business customers (consuming greater than 160MWh per year)

For medium and large I&C business customers, AusNet proposes to:

- retain the same pricing structure; and
- provide flexibility regarding the number of days that can be called during each CPD season.

For all other customers consuming greater than 160MWh per year, we are proposing to maintain the pricing structure from the 2021-26 Tariff Structure Statement, which was also unchanged from the prior period, with the exception of:

- Closing medium and large legacy single rate and ToU tariffs, and reassignment of customers on these tariffs to a transitional CPD tariff;[27] and
- Introduction of ICC location CPD tariffs that can be access by new customers connecting to our HV or sub-T network.

The proposed assignment arrangements for all customers consuming greater than 160MWh per year are as follows:

- **New medium and large customers**

  New customers will be assigned to a CPD price structure, as is currently the case.

- **Existing medium and large customers**

  Existing customers or their retailer may request to be transferred to another CPD structure as long as it meets the CPD tariff assignment criteria set out in Appendix C of this TSS.

- **Customers in alpine regions**

  Customers in AusNet's alpine region or their retailer may request transfer to CPD tariffs.

The table below summarises our tariff assignment for customers consuming more than 160MWh per year.

[25] Solar customers who opt-out will be assigned to a solar variant of the seasonal ToU tariff.
[26] Small business customers consuming less than 40MWh in the preceding 12 months can opt-out to a single-rate, default ToU or demand tariff. Small business solar customers consuming less than 40MWh in the preceding 12 months can opt-out to the solar variant of the single-rate, default ToU or demand tariff. For avoidance of doubt, the opt-out demand tariffs are the demand tariffs available for small business customers consuming less than 40MWh per year.
[27] Prior to re-assignment, customers' eligibility will be checked using January 25 to December 25 annual consumption data to ensure they qualify for reassignment. Any customers that do not meet the tariff assignment criteria, will be re-assigned to a cost reflective tariff that best matches their annual consumption and demand profile in accordance with AusNet's tariff assignment policy which can be found in our TSS compliance document.

Table 5-4: Customers consuming greater than 160MWh per year: Assignment and tariff options

Tariffs	Assignment	Tariff options (upon request from retailer)
CPD Demand	New customers All existing customers remain	CPD demand or seasonal ToU[28]
CPD Demand Transition	All existing single rate[29] and legacy ToU customers	CPD demand[27]
Seasonal ToU	All existing customers remain	CPD demand
ICC locational CPD	New HV and sub-transmission customers[30]	CPD demand

Assessment and review process for tariff assignment

The assessment and review process for tariff assignment is explained below and is unchanged from the current TSS.

Requests to change a tariff need to be directed to a customer's retailer.

AusNet requires customers seeking tariff reassignment to remain on the reassigned tariff for a minimum 12-month period. AusNet may make exceptions to this requirement at its discretion, where for example, it can be demonstrated that to not do so would impose hardship or unreasonable penalties on the customer. This condition prevents customers changing tariffs to take advantage of variations in prices according to their individual load, thereby bypassing payment that reflects use of the distribution network over a full 12-month cycle.

AusNet proposes to notify a customer's retailer in writing (including via email) of the tariff class to which the customer has been assigned or reassigned, prior to the assignment or reassignment occurring. The notice will include advice that the customer may request further information from AusNet, or that they may object to the proposed assignment or reassignment.

If the customer objects to the proposed assignment or reassignment and that objection is not resolved to the satisfaction of the customer, the customer has access to dispute resolution arrangements. If, as part of any dispute resolution process, AusNet receives a request for further information from a customer, AusNet will provide such information.

AusNet will not provide the customer with any information that it deems to be of a confidential nature, unless required to under any relevant legal or regulatory obligation. AusNet will adjust any tariff assignment or reassignment in accordance with any decision made by a valid dispute resolution mechanism (e.g. the Energy and Water Ombudsman of Victoria).

5.3. Further information

For further information in relation to our policies and procedures on tariff assignment or reassignment please contact:

Pricing Manager

AusNet

Level 31, 2 Southbank Boulevard

Melbourne Victoria 3006

Ph: (03) 9695 6000

[28] Customers in AusNet's alpine region may request transfer to snowfield seasonal tariff.
[29] Includes single rate pricing structures with a dedicated circuit..
[30] Must meet eligibility criteria set out in Appendix A – Tariff assignment policy of this TSS.

6. Export tariffs

6.1. Rules requirements

Clause 6.18.1A(a)(2A) of the Rules requires AusNet to describe the strategy or strategies adopted for the introduction of export tariffs including, where relevant, the period of transition (export tariff transition strategy). In describing this strategy or strategies, AusNet is required to consider:

(1) the desirability for tariffs to comply with the pricing principles referred to in paragraphs 6.18.5(f) and (g), albeit after a reasonable period of transition (which may extend over more than one regulatory control period);

(2) the extent to which retail customers can choose the tariff to which they are assigned; and

(3) the extent to which retail customers are able to mitigate the impact of changes in tariffs through their decisions about usage of services.

As explained below, the Victorian distribution businesses have engaged collectively with customers and other stakeholders regarding the introduction of export tariffs. AusNet supports the approach developed through that consultation process, which we consider will provide improved price signals for customers and promote more efficient outcomes.

6.2. Export transition strategy

In developing our export tariff strategy, the Victorian distribution businesses considered the following factors:

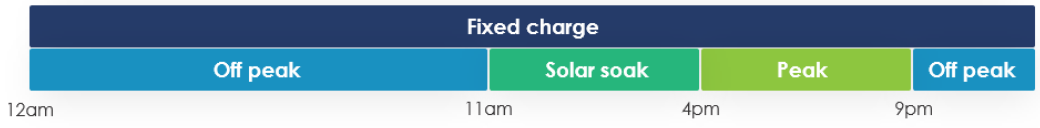
- CER capacity is expected to significantly increase by 2035;
- Poorly integrated CER may raise costs for all customers by requiring network augmentation, through increasing peak demand or through minimum demand compromising grid stability; and
- Minimum demand issues could also cause mandatory shut-off of exports through emergency backstop mechanisms, or load shedding.

Export tariff development was discussed at the joint Victorian distributor engagement on tariff design. The Victorian distribution businesses explained to stakeholders that as more customers install solar, those customers without solar will increasingly cross-subsidise solar customers. The impact of this cross-subsidy was modelled and presented to stakeholders.

During the period of engagement, AusNet and other Victorian distributors also engaged with the Victorian Government on the export tariffs for residential customers. The Victorian Government provided feedback that export tariffs should only be made available as optional to residential customers and that those tariffs should include export reward considerations. The Victorian Government did not support an export tariff option in the residential time of use tariff.

After exploring different options with customers and other stakeholders, the Victorian distribution businesses are proposing to update their existing residential ToU tariff structure, by incorporating a 'solar soak' period, with very low variable rates between 11am and 4pm, as shown in **Error! Reference source not found.** below. While this tariff does not include an export tariff explicitly, the lower cost solar soak period reduces the cross-subsidy between customers with and without solar. See section 4.1.1.1. in the TSS Explanatory Paper which demonstrates how the new ToU tariff reduces cross subsidies for different Victorian households.

Figure 6-1: Proposed new Tou tariff structure



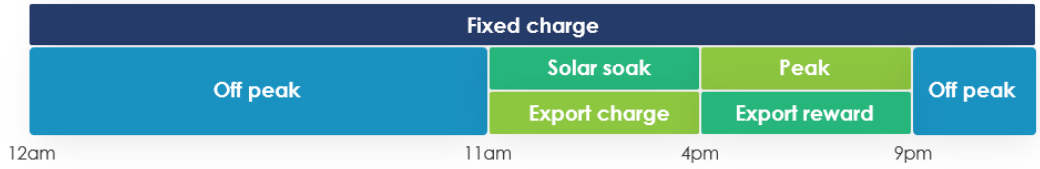
The principal benefits of this new structure are:

- Applying a low-cost solar soak period immediately reduces cross subsidies, as all customers will pay less in network tariffs from 11am to 4pm;

- As cross subsidies reduce, solar customers would pay more in network tariffs (while still having smaller bills from solar generation and self-consumption);
- Introducing a solar soak period is a 'carrot' approach, rather than a 'stick' approach – non-solar customers will be able to save on electricity bills immediately through no change in their usage profile or increase savings by moving additional usage to the middle of the day; and
- As customers electrify and invest in technologies that can be automated (EVs, heat pumps etc.), the opportunity to save becomes more accessible.

The second initiative that the Victorian distribution businesses are proposing is a new CER tariff that includes an export charge and reward. The tariff structure for this tariff is set out below and is available on an opt-in and opt-out basis.

Figure 6-2: Proposed new residential CER tariff structure



The rationale for the new residential CER tariff is that it encourages customers with flexible import and export capability to change their behaviour in a way that reduces the costs of serving those customers. In particular, it applies an export charge[31] at times when solar exports are at their peak, and rewards exports at times when network demand is at its peak.

This tariff is likely to be of interest to customers participating in Virtual Power Plants (**VPPs**) e.g. where their retailer has control over a home battery or EV with vehicle to home/grid capability. For those customers with less flexible import and export capability, this tariff is unlikely to be attractive. Over time, however, AusNet would expect a growing number of customers to opt-in to the new CER tariff.

AusNet considers that its strategy to introducing export charges through the new CER tariff appropriately balances the interests of all customers. Furthermore, as explained above, its introduction has been made in conjunction with changes to the ToU tariff structure which will also assist in responding to the impact of the projected growth in CER.

AusNet plans to apply this export transition strategy during 2026-31 and 2031-36, unless Victorian government policy changes in relation to assignment policy / optionality of residential tariffs.

6.3. Future developments

AusNet will closely monitor the impact of the tariff changes on the use of the distribution network during the 2026-31 regulatory period. In particular, the purpose of the proposed tariff changes is to encourage customers to make best use of the distribution network in a way that reduces the total costs of meeting their energy needs. While AusNet is confident that the proposed changes to residential tariffs will promote more efficient and equitable outcomes for our customers, we also recognise the importance of keeping these arrangements under review and adjusting tariffs as new information becomes available.

[31] A BEL of 1kWh per day will be applied where solar exports are free of charge.

7. Alternative control services

7.1. Rules requirements

As noted in section 2.2, the TSS provisions in the Rules apply to direct control services[32], which comprise standard control services and alternative control services. The preceding chapters of this TSS addressed the Rules requirements in relation to standard control services. The purpose of this chapter is to address the Rules requirements in relation to alternative control services.

Alternative control services include public lighting, metering and ancillary services. These services can be attributed to a particular customer and therefore the costs of providing the service are recovered from the relevant customer, rather than through our network tariffs.

7.2. Tariff classes for alternative control services

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 & Approach Paper for the 2027-31 regulatory control period.

Table 7-1: Tariff classes for alternative control services

Tariff classes	Typical customer	Tariffs
Public lighting	Local councils and other authorities such as Vic Roads	Public lighting tariffs based on lighting type.
Metering services	Retail customers or at the request of a retailer or metering coordinator	Published annual fee based on meter type or an exit fee for meter removal.
Metering services	Unmetered services provided to Government organisations or businesses	Annual charges based on unmetered supply.
Connection services	A retail customer requesting a routine connection service or seeking pre-approval of a PV or small generator installation.	Published fee for service.
Ancillary services – fee based	Retail customers requesting standard services, including Basic Connection Services; Service Truck Visits; Wasted Truck Visits; or Meter equipment tests.	Published fee for service.
Ancillary services – quoted	Embedded generators seeking pre-approval for connection.	Quoted fees, based on approved labour rates.

[32] Clause 6.18.1.

7.3. Public lighting tariff structure and charging parameters

AusNet provides public lighting services in accordance with the Victorian Public Lighting Code, which is available on the Essential Services Commission website, www.esc.vic.gov.au. The services we provide are:

- operation, maintenance, repair and replacement of shared public lighting assets;
- operation, maintenance and repair of dedicated public lighting assets;
- replacement of dedicated public lighting assets;
- new public lights (that is, new lighting types not subject to a regulated charge, and new public lighting at greenfield sites); and
- alteration and relocation of public lighting assets.

The charging structure is regionally based and is applied on a per light, per annum basis according to the type of lighting provided. Different public lighting fees apply for the Central Region[33] and for the North and East Regions.[34] The regional fees reflect the higher costs of providing lighting services in the North and East regions, which is characterised by lower light density areas and therefore requires greater distances to be travelled by contractors and service agents.

In recent years, we continue to see a shift to efficient LED lights due to the benefits these lights have over the inefficient lights in public lighting populations. These benefits include lower energy costs and therefore lower greenhouse gas emissions. During the current 2021-26 regulatory period we plan to replace all Metal Halide and Mercury Vapour lights, which will consolidate our current six lighting technologies to four.

Our public lighting tariffs reflect:

- the cost of replacing lanterns and poles depreciated over 20 or 35 years, respectively;
- the ongoing cost of operating and maintaining our lights; and
- energy costs, comprising of network, retail and wholesale generation costs.

Our indicative price schedule for public lighting is provided in an accompanying spreadsheet, as explained in Appendix C – Indicative pricing schedule.

[33] Central Region comprises the local Government areas of Banyule, Cardinia, Casey, Darebin, Frankston, Greater Dandenong, Hume, Knox, Manningham, Maroondah, Nillumbik, Whittlesea and Yarra Ranges.
[34] Central Region comprises the local Government areas of Alpine, Bass Coast, Baw Baw, Benalla, Bogong Trading Company, East Gippsland, Falls Creek Resort, Indigo, La Trobe, Mansfield, Mitchell, Moira, Mount Buller Resort, Murrindindi, South Gippsland, Strathbogie, Towong, Wangaratta, Wellington and Wodonga.

7.4. Metering services tariff structure and charging parameters

The table below summarises the metering services AusNet provides and the charging parameters.

Table 7-2: Tariff classes for alternative control services

Metering service	Service description	Tariff structure and charging parameter
Type 5 and 6 (inc smart metering) services where the distributor remains responsible	• Recovery of the cost of type 5 and 6 metering equipment including communications network (including meters with internally integrated load control devices). • Testing, inspecting, investigating, maintaining or altering existing type 5 or 6 metering installations or instrument transformers. • Quarterly or other regular reading of a metering installation. • Metering data services that involve the collection, processing, storage and delivery of metering data, the provision of metering data from the previous two years, remote or self-reading at difficult to access sites, and the management of relevant NMI Standing Data in accordance with the Rules.	$/meter/p.a. is levied according to the different meter type: • Single phase single element • Single phase two element with contactor • Multiphase with and without contactor • Multiphase CT connected • Single phase single element – not providing smart meter benefits • Multiphase with and without contactor – not providing smart meter benefits
Meter exit service	• Metering installation removal and disposal at the request of the customer or their agent.	An exit fee will apply for each of the metering types shown above.
Type 7 metering services	• Administration and management of type 7 metering installations in accordance with the NER and jurisdictional requirements. • Includes the processing and delivery of calculated metering data for unmetered loads, and the population and maintenance of load tables, inventory tables and on/off tables.	Fixed charge $/NMI/p.a. Fixed charge $/light/p.a.
Emergency maintenance of failed metering equipment not owned by the distributor (contestable meters)	• The distributor is called out by the customer or their agent (e.g. retailer, metering coordinator or metering provider) due to a power outage where an external metering provider's metering equipment has failed or an outage has been caused by the metering provider. • This fee will also be levied where a metering provider has requested the distributor to check a potentially faulty network connection and when	A fee will apply per site visit

	tested by the distributor, no fault is found.	

In addition to these charges, we propose to introduce separate fees for the remaining manually read, non-smart meters. Although we are required to replace these meters with smart meters, these customers have prevented replacement. The costs of manually reading these meters are $165 per year per meter, costs that exceed the price for any of our meter products. Therefore, we consider that is reasonable to not pass on the savings to these customers over the period to create an incentive for these customers to allow us to replace these meters

7.5. Connection services – Fee-based services

These services are provided upon request and are typically initiated through a service request from a retailer. AusNet's connection fee-based services include:

- Routine connection of new premises that qualify as basic connection services;
- Temporary connections (e.g. metered connection to a builder's pole);
- Connections involving an inspection of current transformer (CT) or group metering installation by a licensed electrical inspector prior to initial energisation; and
- Service truck visit - disconnect/reconnect at pole or pit.

Our charges for connection services are set in accordance with our Connection Policy[35], which complies with the AER's connection charge guidelines and the connection charging principles in the Rules.

A full list of our fee-based connection services is provided in our indicative pricing schedule, which is provided in an accompanying spreadsheet as explained in Appendix C.

7.6. Ancillary services – Fee-based services

These services are provided upon request and are typically initiated through a service request from a retailer. AusNet's fee-based services include:

- Wasted Truck Visit – customer not ready for their requested works;
- Meter equipment tests; and
- Pre-approval of a PV or small generator installation.

A full list of our ancillary fee-based services is provided in our indicative pricing schedule, which is provided in an accompanying spreadsheet that is provided alongside this TSS.

Our charges for the remaining network ancillary services reflect the efficient costs of providing each service. In all cases, the charging structure is a 'fee for service', which means that the customer pays a charge for the service provided. The applicable fees are approved by the AER in its electricity distribution regulatory determination for AusNet.

[35] Our proposed Connection Policy forms part of our Regulatory Proposal and is subject to AER approval.

7.7. Ancillary services – Quoted services

These services are provided upon request and are typically initiated through a service request from a retailer. AusNet's quoted services are described in our Regulatory Proposal.

Prices for quoted services are based on quantities of labour and materials required, with the quantities dependent on the particular task. Prices for quoted services are determined at the time of a customer's enquiry and reflect the individual requirements of the customer and the service request. The AER approves the applicable labour rates in its distribution determination for AusNet.

7.8. Annual pricing approval process for alternative control services

As explained in the previous sections, AusNet's fees for alternative control services reflect the efficient costs of providing each type of service. The 'fee for service' charging structure, together with the AER's approval process in the distribution determination, ensures that the fees for alternative control services comply with the pricing principles.

For each year of a regulatory control period, the fees for alternative control services are subject to either a revenue cap (in the case of metering services) or a price cap. These controls are defined in the AER's distribution determination for AusNet.

We will ensure that the fees we propose in our Annual Pricing Proposal for alternative control services comply with the relevant revenue and price caps, and that each tariff continues to be set in a manner consistent with the pricing principles.

7.9. Further information

For further information on our charging parameters for alternative control services, please refer to the Indicative pricing schedule which is provided in an accompanying spreadsheet, as explained in Appendix C.

8. Appendix A – Tariff assignment policy

The table below outlines the tariff assignment policy for AusNet's tariffs for the 2026-31 regulatory period.

Table 8-1: AusNet's tariff assignment policy

Tariff class	Tariff code	Tariff name	Criteria
Residential	NEE11	Small single rate	This tariff is open to residential customers by request.
Residential	NEE11S	Small single rate standard feed in	Solar variant of the residential single rate tariff. This tariff is open to residential solar customers with standard feed-in by request.
Residential	NEE19	Small single rate & dedicated circuit 24 hour	Residential customers previously assigned to NEE13, NEE14 and NEE15 will be assigned to this tariff from 1 July 2026.
Residential	NAST11	Small residential time of use	This is the default residential tariff and open to residential customers. Residential demand customers previously assigned to NASN11 will be assigned to this tariff from 1 July 26.
Residential	NAST11S	Small residential time of use standard feed in	Solar variant of the default residential tariff. This tariff is open to all residential solar customer with standard feed-in. Residential demand customers with solar previously assigned to NASN11S will be assigned to this tariff from 1 July 26.
Residential	NAST17	Small residential time of use & dedicated circuit 24 hour	Residential customers previously assigned to NAST13, NAST14 and NAST15 will be assigned to this tariff from 1 July 2026.
Residential	NEE24	Small two rate 8:00 to 8:00	This tariff is closed to new entrants.
Residential	NSP20	Small interval meter time of use	This tariff is closed to new entrants.
Residential	NSP23	Small interval meter time of use solar installation standard feed in	This tariff is closed to new entrants.
Residential	NEE30	Small dedicated circuit	This tariff is closed to new entrants.
Residential	NEE31	Small dedicated circuit with afternoon boost	This tariff is closed to new entrants.
Residential	NEE32	Small dedicated circuit 8:00 to 8:00	This tariff is closed to new entrants.
Residential	NEE33	Small dedicated circuit 24 hour	This tariff is closed to new entrants.
Residential	RCER11	Residential CER	This tariff is open to residential customers that have CER i.e. solar and/or batteries.
Small industrial & commercial	NEE12	Small single rate	This tariff is open to small business customers consuming less than 40MWh per year by request.

Small industrial & commercial	NEE12S	Small single rate standard feed in	Solar variant of the small business single rate tariff. This tariff is open to small business solar customers consuming less than 40MWh per year with standard feed-in by request.
Small industrial & commercial	NEE16	Small single rate & dedicated circuit	This tariff is closed to new entrants.
Small industrial & commercial	NEE17	Small single rate & dedicated circuit with afternoon boost	This tariff is closed to new entrants.
Small industrial & commercial	NEE18	Small single rate & dedicated circuit 8:00 to 8:00	This tariff is closed to new entrants.
Small industrial & commercial	NAST12	Small business time of use	This is the default small business tariff and open to small business customers consuming less than 40 MWh per year.
Small industrial & commercial	NAST12S	Small business time of use standard feed in	Solar variant of the default small business tariff for small business solar customers consuming less than 40 MWh per year. This tariff is open to small business solar customers with standard feed-in.
Small industrial & commercial	NASN12	Small business single rate demand	Demand tariff open to small business customers consuming less than 40MWh per year by request.
Small industrial & commercial	NASN12S	Small business single rate demand standard feed in	Solar variant of the demand tariff open to small business solar customers consuming less than 40 MWh per year with standard feed-in by request.
Small industrial & commercial	NASN19	Business > 40 MWh single rate demand	Demand tariff open to small business customers consuming between 40MWh and 160MWh per year.
Small industrial & commercial	NASN21	Business > 40 MWh two rate demand	Existing small business customers who qualify for the 40MWh to 160MWh threshold will be assigned to this tariff if the previous tariff was a single rate tariff.
Small industrial & commercial	NASN2S	Business > 40 MWh two rate demand standard feed in	Existing small business customers who consume not more than 40MWh in the preceding 12 months, may request to be transferred to the single rate, default ToU or demand tariff.
Small industrial & commercial	NSP21	Small interval meter time of use	Existing small business customers who consume not more than 40MWh in the preceding 12 months, may request to be transferred to the single rate, default ToU or demand tariff.
Small industrial & commercial	NSP27	Small interval meter low peak time of use	Solar variant of the demand tariff open to small business solar customers consuming between 40MWh and 160MWh per year with standard feed-in.
Small industrial & commercial	SSP27	Small interval meter time of use solar installation standard feed in	Existing small business customers who qualify for the 40MWh to 160MWh threshold will be assigned to this tariff if the previous tariff was a ToU tariff with standard feed-in.
Medium industrial & commercial	NEE52	Medium unmetered	Available to unmetered supplies.

Medium industrial & commercial	NEE55	Medium snowfields	Snowfield seasonal ToU tariff is open to medium business customers consuming between 160MWh and 400MWh per year in AusNet Services' alpine region.
Medium industrial & commercial	NSP55	Medium interval meter time of use snowfields	Snowfield seasonal ToU tariff is open to medium business customers consuming between 160MWh and 400MWh per year in AusNet's alpine region.
Medium industrial & commercial	NSP56	Medium critical peak demand 160 MWh to 400 MWh	Critical peak demand tariff open to customers consuming between 160MWh and 400MWh per year, and demand greater than 50kVA.
Medium industrial & commercial	NAT56	Medium critical peak demand 160 MWh to 400 MWh (Transitional)	Medium industrial & commercial customers previously assigned to NEE40, NEE41, NEE42, NEE43, NEE51 and NEE60 will be assigned to this tariff from 1 July 2026. This tariff is closed to new entrants.
Medium industrial & commercial	NEN56	Medium critical peak demand 160 MWh to 400 MWh within embedded network	This is a shadow tariff and is not open to customers.
Large industrial & commercial	NSP75	Large critical peak demand 400 MWh to 750 MWh	Critical peak demand tariff open to customers consuming between 400MWh and 750MWh per year, and demand greater than 150kVA.
Large industrial & commercial	NAT75	Large critical peak demand 400 MWh to 750 MWh (Transitional)	Large industrial & commercial customers previously assigned to NEE74 will be assigned to this tariff from 1 July 2026. This tariff is closed to new entrants.
Large industrial & commercial	NSP76	Large critical peak demand 750 MWh to 2000 MWh	Critical peak demand tariff open to customers consuming between 750MWh and 2GWh per year, and demand greater than 280kVA.
Large industrial & commercial	NSP77	Large critical peak demand 2000 MWh to 4000 MWh	Critical peak demand tariff open to customers consuming between 2GWh and 4GWh per year, and demand greater than 550kVA.
Large industrial & commercial	NSP78	Large critical peak demand over 4000 MWh	Critical peak demand tariff open to customers consuming greater 4GWh per year, and demand greater than 850kVA.
High voltage	NSP81	High voltage critical peak demand	Critical peak demand tariff open to customers using 6.6kV, 11 kV & 22kV supplies, and demand greater than 1.15MVA.
High voltage	NSP82	High voltage critical peak demand traction	Critical peak demand tariff open to traction load only.
High voltage	NSP83	High voltage critical peak demand low energy use	Critical peak demand tariff open to customers using 6.6kV, 11kV & 22kV supplies, and demand less than 1.15MVA.
High voltage	NAL84	High voltage critical peak demand locational	Critical peak demand locational tariff open to new high voltage customers with demand greater than 10MVA.
Sub transmission	NSP91	Sub transmission critical peak demand < 25 MVA & < 20 km from TS	Critical peak demand tariff open to customers using 66kV supplies, demand less than 25MVA and less than 20km from the terminal station.
Sub transmission	NEE93	Large Latrobe Valley open cut supplies	This tariff is open to Latrobe Valley mines supplies only.

Sub transmission	NSP94	Sub transmission critical peak demand > 25 MVA & < 20 km from TS	Critical peak demand tariff open to customers using 66kV supplies, demand greater than 25MVA and less than 20km from the terminal station.
Sub transmission	NSP95	Sub transmission critical peak demand < 25 MVA & > 20 km from TS	Critical peak demand tariff open to customers using 66kV supplies, demand less than 25MVA and greater than 20km from the terminal station.
Sub transmission	NAL96	Sub transmission critical peak demand locational	Critical peak demand locational tariff open to new sub transmission customers with demand greater than 25MVA.

9. Appendix B – Transitional details

Table 9-1: AusNet's detailed transition strategy

Tariff	Will AusNet retain this tariff?	Number of customers	Detailed commentary on transition strategy
NAST11	Yes	136,206	Existing residential ToU tariff. Residential customers to be assigned to this tariff when the following services are requested: - new connections; - upgrades to three phase metering; and - new battery installations. EV customers will also be assigned to this tariff. Existing residential customers on NASN11 will be assigned to this tariff on 1 July 26. Residential customers may opt out to single rate, CER or the new 24 hour dedicated circuit variant of the residential ToU tariffs.
NAST11S	Yes	188,521	Existing solar variant of the residential ToU tariff. Residential customers to be assigned to this tariff when a new solar installation is requested. Existing residential customers on NASN11S will be assigned to this tariff on 1 July 26. Residential customers may opt out to the solar single rate or CER tariffs.
NASN11	No	110	Propose to close tariff. Existing residential customers will be assigned to NAST11 on 1 July 2026.
NASN11S	No	148	Propose to close tariff. Existing residential customers will be assigned to NAST11S on 1 July 2026.
NEE19	Yes	0	New 24 hour dedicated circuit variant of the residential single rate tariff. Existing NEE13, NEE14 and NEE15 residential customers will be assigned to this tariff on 1 July 2026. Existing non-solar or non-CER residential customers may request to be assigned to this tariff. Residential customers may opt out to the new 24 hour dedicated circuit variant of the residential ToU tariff.
NEE13	No	75,506	Propose to close tariff. Existing residential customers will be assigned to NEE19 on 1 July 2026.
NEE14	No	11,242	Propose to close tariff. Existing residential customers will be assigned to NEE19 on 1 July 2026.
NEE15	No	3,255	Propose to close tariff. Existing residential customers will be assigned to NEE19 on 1 July 2026.
NAST17	Yes	0	New 24 hour dedicated circuit variant of the residential ToU tariff.

			Existing NAST13, NAST14 and NAST15 residential customers will be assigned to this tariff on 1 July 2026. Existing non-solar or non-CER residential customers may request to be assigned to this tariff. Residential customers may opt out to the new 24 hour dedicated circuit variant of the single rate tariff.
NAST13	No	196	Propose to close tariff. Existing residential customers will be assigned to NAST17 on 1 July 2026.
NAST14	No	26	Propose to close tariff. Existing residential customers will be assigned to NAST17 on 1 July 2026.
NAST15	No	2	Propose to close tariff. Existing residential customers will be assigned to NAST17 on 1 July 2026.
RCER11	Yes	0	New CER tariff available to residential customers. Residential customers with solar and/or batteries, or EV customers may request to be assigned to the tariff. Residential customers may opt out to the solar single rate or residential ToU tariffs.
NEN11	No	0	Propose to close tariff as there are no customers assigned to it.
NEN20	No	0	Propose to close tariff as there are no customers assigned to it.
NEN12	No	0	Propose to close tariff as there are no customers assigned to it.
NEN21	No	0	Propose to close tariff as there are no customers assigned to it.
NAT56	Yes	0	New medium CPD transitional tariff. Existing customers on NEE40, NEE41, NEE42, NEE43, NEE51 and NEE60 will be assigned to this tariff on 1 July 26. Medium I&C customers may request to be assigned to another CPD tariff. Close to new entrants.
NEE40	No	202	Propose to close tariff. Existing medium I&C customers will be assigned to NAT56 on 1 July 2026.
NEE41	No	9	Propose to close tariff. Existing medium I&C customers will be assigned to NAT56 on 1 July 2026.
NEE42	No	5	Propose to close tariff. Existing medium I&C customers will be assigned to NAT56 on 1 July 2026.
NEE43	No	0	Propose to close tariff. Existing medium I&C customers will be assigned to NAT56 on 1 July 2026.
NEE51	No	275	Propose to close tariff. Existing medium I&C customers will be assigned to NAT56 on 1 July 2026.

NEE60	No	277	Propose to close tariff. Existing medium I&C customers will be assigned to NAT56 on 1 July 2026.
NAT75	Yes	0	New large CPD transitional tariff. Existing customers NEE74 will be assigned to this tariff on 1 July 26. Large I&C customers may request to be assigned another CPD tariff. Close to new entrants.
NEE74	No	6	Propose to close tariff. Existing large I&C customers will be assigned to NAT75 on 1 July 2026.
NAL84	Yes	0	New high voltage CPD locational tariff. Available to new customers connecting to AusNet's high voltage network, and with demand greater than 10MVA. Customers may request to be assigned to another CPD tariff.
NAL96	Yes	0	New sub transmission CPD locational tariff. Available to new customers connecting to AusNet's sub transmission network, and with demand greater than 25MVA. Customers may request to be assigned to another CPD tariff.

10. Appendix C – Indicative pricing schedule

10.1. Indicative tariff levels

AusNet has calculated the indicative tariffs for the 2026-31 regulatory period, which is provided in a spreadsheet that accompanies this TSS. The modelling has regard to the existing tariffs and AusNet's forecast CPI and x-factor adjustments in this Regulatory Proposal.

10.2. Factors that may cause tariff levels to vary from these indicative levels

There are number of factors that are outside of AusNet's control that may affect the implementation of the proposed tariffs over the period covered by this TSS. For instance, actual tariffs may vary from these indicative tariff levels in any given year as a result of:

- The AER's distribution determination, which will determine the amount of revenue AusNet is able to collect in each year of the 2026-31 regulatory control period to cover its efficient costs of providing standard control services;
- Unders or overs in revenue collection in any individual year (e.g. due to energy volumes or energy demand varying from forecast, and variation in uptake of new cost reflective tariffs from forecast uptake), which under the applicable price control (revenue cap) must be corrected for in subsequent years;
- Future regulatory decisions applying to transmission services;
- Unders and overs in any individual year as a result of transmission services being regulated via a revenue cap form of price control;
- The outcome of a number of incentive schemes (e.g. STPIS for reliability, and F-factor for bushfire safety) that apply to AusNet;
- Any successful cost pass through applications;
- Recovery of jurisdictional scheme amounts; and
- Actual CPI varying from the forecast used by AusNet.

Notwithstanding these factors, the indicative tariff pricing schedule that accompanies this TSS provides a useful indication of AusNet's proposed prices for the 2026-31 period.

11. Appendix D – Compliance guide

This document sets out the information and matters required by the Rules to be included in the TSS, as detailed in the table below. As noted in section 1.1, further information is provided in the accompanying TSS Explanatory Paper.

Table 11-1: Reading guide to TSS rules compliance

Requirement	Rule	Reference in this document
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.	6.8.2(c)(7)	Sections 3.2, 3.3, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13 and 3.14, and Appendices A and B.
The proposed tariff structure statement must be accompanied by an indicative pricing schedule.	6.8.2(d1)	Appendix C and accompanying spreadsheet
The proposed tariff structure statement must comply with the pricing principles for direct control services.	6.8.2(d2)	Sections 3.2, 3.3, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13 and 3.14, and Appendices A and B.
The tariff classes into which retail customers for direct control services will be divided during the relevant regulatory control period.	6.18.1A(a)(1)	Sections 2.2 and 7.2.
The policies and procedures for assigning retail customers to tariffs or reassigning customers from one tariff to another.	6.18.1A(a)(2)	Section 5.2 and Appendix A.
A description of the strategy or strategies 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 transition strategy).	6.18.1A(a)(2A)	Section 6.
The structures for each proposed tariff.	6.18.1A(a)(3)	Sections 4.2, 7.3, 7.4, 7.5, 7.6 and 7.7.
The charging parameters for each proposed tariff.	6.18.1A(a)(4)	Sections 4.2, 7.3, 7.4, 7.5, 7.6 and 7.7.
A description of the approach to setting each tariff in each pricing proposal during the regulatory period.	6.18.1A(a)(5)	Sections 3.4 and 7.8.
A tariff structure statement must comply with the pricing principles for direct control services	6.18.1A(b)	Sections 3.2, 3.3, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13 and 3.14, and Appendices A and B.
A 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 the tariff structure statement.	6.18.1A(e)	Appendix C and accompanying spreadsheet.

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