

15/03/2017

Mr Robert Telford
Manager Network Pricing – Finance & Compliance
Ausgrid
GPO Box 4009
Sydney NSW 2001

Dear Robert

2017-18 Prescribed Transmission Service Prices

Please find attached a schedule of Ausgrid's 2017-18 prescribed Transmission Service Prices applicable from 1 July 2017. These prices have been set by TransGrid as the co-ordinating Transmission Network Service Provider (TNSP) for the NSW and ACT market region, in accordance with the requirements of TransGrid's Transmission Pricing Methodology approved by the Australian Energy Regulator (AER) in April 2015.

The 2017-18 prescribed transmission service prices are calculated following the same pricing methodology as used in 2016-17.

The waterfall chart on Attachment One illustrates how the total revenue to be collected from prescribed customers through transmission service prices was derived. The total forecast revenue to be collected through transmission charges for NSW and ACT in 2017/18 is \$898.88 million, a 4.6% reduction from 2016/17. There is a reduction in the combined NSW TNSP revenue of 0.7%, of which TransGrid's maximum allowable revenue decreased by 2%. The remainder of the reduction is primarily due to the following effects:

- > A movement from a 2015/16 under-collection position recovered in 2016/17 to a forecast 2016/17 over-collection position to be returned to customers in 2017/18. This reduces transmission charges by 3.0%.
- > A reduction in the inter-regional transmission charges (modified load export charges) payable to Powerlink Queensland and AEMO-Victoria as required under Clause 6A.29A of the National Electricity Rules (NER). This has the effect of reducing the 2017/18 transmission charges by 1.2%.
- > A forecast decrease in intra-regional residues and SRA proceeds in 2017/18. This has the effect of increasing transmission charges by 0.3%.

Ausgrid Distribution's forecast charges for transmission services provided by TransGrid

The following table summarises the forecast revenue by service category across Ausgrid's transmission connection points billable by TransGrid. The table contains the transmission pricing revenue forecasts at the time of publishing transmission prices. It excludes the TNSP to TNSP net transfer payment amount.

Ausgrid's Connection Points Billable by TransGrid (\$ - GST Excluded)					
Forecast	Connection	Locational	Common Service	Non-locational	Total
2016/17	5,095,274	53,619,126	45,607,654	62,149,778	166,471,832
2017/18	6,239,011	53,405,803	39,244,032	54,608,504	153,497,349
\$ change	1,143,737	- 213,323	- 6,363,622	- 7,541,275	- 12,974,483
% change	22%	-0.4%	-14%	-12%	-8%

For transmission charges payable to TransGrid, the locational charges will reduce by 0.4% and the connection charges increase by 22% as a result of a continuing review of asset allocation and implementation of priority ordering rules. This review is now complete and no further changes as a result of the implementation of this Rule are expected in future years.

In addition, based on historical maximum demand, reductions in inter-regional transmission charges (MLEC) and intra-regional residues, Ausgrid is expected to have a 12% reduction in Non-Locational charges and a 14% reduction in Common Service charges.

The total transmission charge forecast as payable to TransGrid in 2017/18 represents a 8% reduction compared to the charge forecasted in 2016/17. This follows a similar 12% reduction in total charge in 2016-17 compared to 2015-16.

Transfer payments

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

Ausgrid - 2017/18 Financial Transfer (\$ GST excluded)	
TransGrid to Ausgrid	\$ 47,251,303.82
Ausgrid to TransGrid	\$ 131,374,156.41
Ausgrid to Directlink	\$ 1,400,027.61
Ausgrid to ActewAGL	\$ 29,924.48
ActewAGL to Ausgrid	\$ 1,932,059.13

Ausgrid Distribution's forecast charges for transmission services provided by Ausgrid Transmission

The forecast revenue charges at the connection points between Ausgrid transmission and Ausgrid distribution using the forecast revenue at the time of transmission price publication are included in the following table. The table also includes a comparison in revenue from all transmission service categories between the 2016/17 and 2017/18 financial years.

Ausgrid's Transmission (\$ GST excluded)							
	Connection	Locational	Non-locational	Common Service		Net Transfer	AARR
2016/17	37,816,820	108,980,690	76,741,892	56,315,851	-	95,438,613	184,416,639
2017/18	40,100,955	118,144,932	67,688,667	48,644,002	-	84,683,323	189,895,233
\$ change	2,284,135	9,164,242	- 9,053,225	- 7,671,848		10,755,290	5,478,594
% change	6.0%	8.4%	-11.8%	-13.6%		-11.3%	3.0%

The increases in connection costs and locational costs are based upon the modelling changes and data provided by Ausgrid for the purpose of calculating 2017/18 transmission prices.

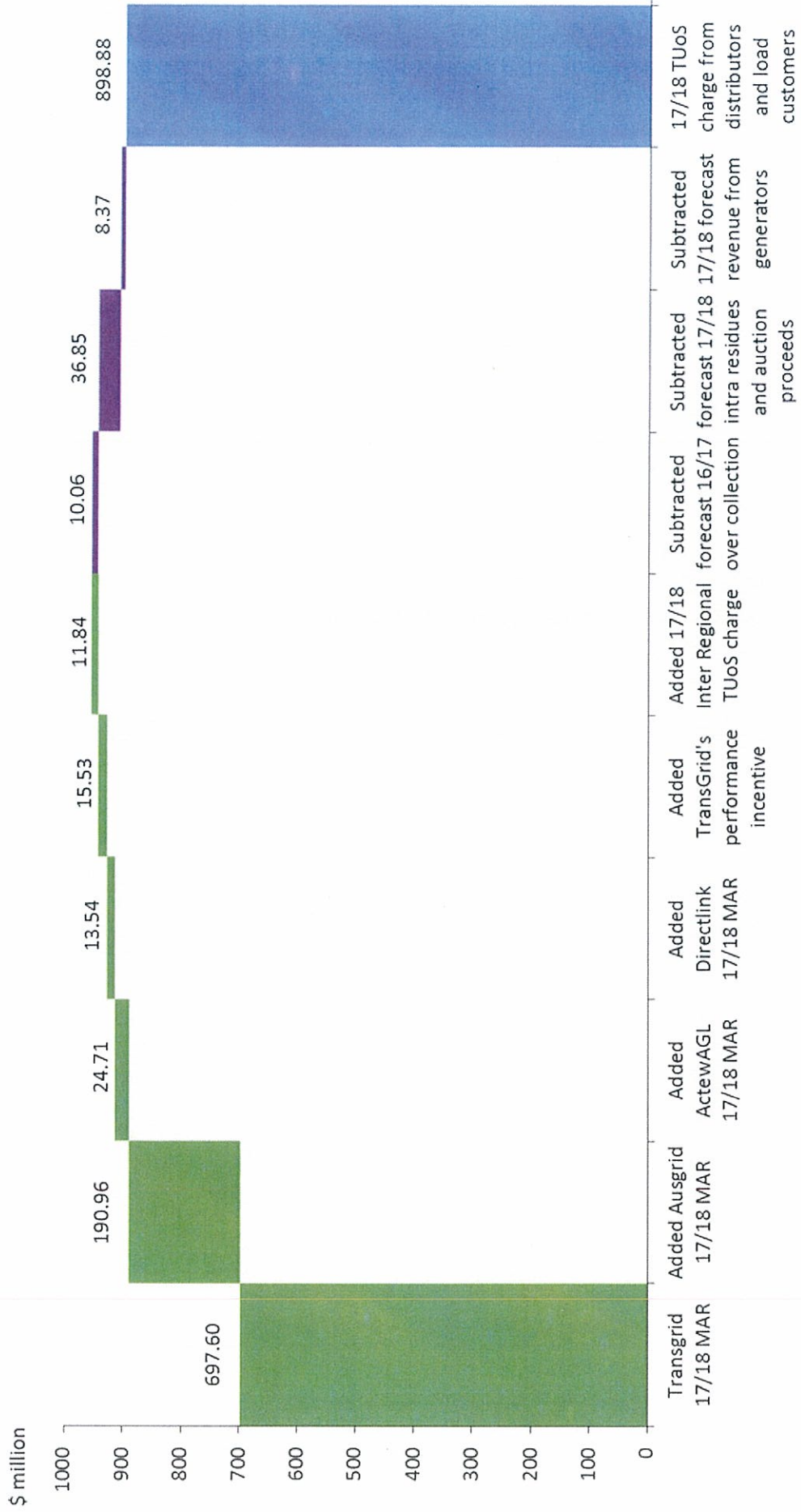
Should you wish to discuss any aspect of Ausgrid's 2017-18 transmission prices please contact Nicola Tully on 02 9284 3120 or via email Nicola.Tully@TransGrid.com.au

Yours sincerely



Tony Meehan
Executive Manager Strategy and Regulation

Calculation of NSW and ACT indicative transmission charges for 2017/18





RE: Screenshots from 2017/18 pricing model

David Conroy

to:

Garry Foo

17/03/2017 04:57 PM

Hide Details

From: David Conroy <David.Conroy@transgrid.com.au>

To: Garry Foo <gfoo@ausgrid.com.au>,

History: This message has been replied to and forwarded.

Hi Garry,

Thanks for the phone call about the 2017/18 prices.

Yes, you are right, the cell for 2017/18 financial transfers didn't update correctly in the table for Ausgrid's transmission revenue. I've fixed it below and it now matches the AARR as expected. My apologise for that error.

	Ausgrid Transmission (\$,000)						AARR
	Connection	Locational	Non-locational	Common Service	Net Transfer		
2016/17	37,817	108,981	76,742	56,316	-	95,439	184,417
2017/18	40,101	118,145	67,689	48,644	-	83,621	190,958
\$ change	2,284	9,164	9,053	7,672	-	11,818	6,541
% change	6.0%	8.4%	-11.8%	-13.6%		-12.4%	3.5%

The following diagram is a screenshot from the 2017/18 pricing model input page provided to demonstrate that the updated Ausgrid revenue was correctly entered into the pricing model.

Ausgrid's Revenue		
Ausgrid's Maximum Allowed Revenue (\$,000)	190,957.81	Updated by DConroy 6/03/2017
AG Exit Revenue (\$,000)	40,100.96	Updated by DConroy 6/03/2017
AG Shared Network Revenue (\$,000)	116,921.26	Updated by DConroy 6/03/2017
AG Incentive Payment (\$,000)	-	Updated by DConroy 28/02/2017
AG Adjustment1 (\$,000)		
AG Adjustment2 (\$,000)		
AG Adjustment3 (\$,000)		
Total Adjustments (\$,000)	-	

Regards,
David

Pricing Strategy Manager | Strategy and Regulation

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NSW and ACT Transmission Prices

1 July 2017 to 30 June 2018

(All prices quoted are inclusive of Australian Goods and Services Tax (GST))

Ausgrid

Customer Prices

Common service and non locational prices

These prices apply at all connection points

	(\$/kW/month)
Common Service Prices	1.2108
Non Locational Prices	1.6698

Locational and exit prices

TNSP	Customer	Connection Point	Exit (\$/day)	Locational (\$/kW/month)
Ausgrid	Ausgrid	97E Lake Munmorah	-	0.0000
Ausgrid	Ausgrid	Alcan VAW	-	1.9625
Ausgrid	Ausgrid	Belmore Park 11	7,414.78	4.0639
Ausgrid	Ausgrid	Belmore Park 132	1,321.17	3.4257
Ausgrid	Ausgrid	Brandy Hill 11	2,140.90	2.8637
Ausgrid	Ausgrid	Bunnerong 33	11,414.74	4.5216
Ausgrid	Ausgrid	Campbell Street 11	2,542.25	5.1081
Ausgrid	Ausgrid	Campbell Street 132	1,480.35	5.3857
Ausgrid	Ausgrid	Canterbury 33	5,437.21	3.3149
Ausgrid	Ausgrid	Charm Haven 11	2,214.13	1.5060
Ausgrid	Ausgrid	Cronulla 132	-	3.0963
Ausgrid	Ausgrid	Gosford 33kV	1,419.38	2.3951
Ausgrid	Ausgrid	Gosford 66kV	2,969.09	2.2792
Ausgrid	Ausgrid	Green Square 11kV	3,505.47	3.2591
Ausgrid	Ausgrid	Gwawley Bay 11	-	2.8389
Ausgrid	Ausgrid	Homebush Bay 11	2,484.41	2.7816
Ausgrid	Ausgrid	Hurstville North 11	2,561.84	3.8428
Ausgrid	Ausgrid	Kingsford 11	2,882.55	4.8780
Ausgrid	Ausgrid	Kogarah 11	3,395.01	4.9282
Ausgrid	Ausgrid	Kurnell 132	1,013.60	2.8608
Ausgrid	Ausgrid	Kurnell South 11	1,975.34	5.4981
Ausgrid	Ausgrid	Kurri 132	-	1.7479
Ausgrid	Ausgrid	Kurri 33	3,660.64	1.7742
Ausgrid	Ausgrid	Kurri Zone 11	2,141.47	2.3338
Ausgrid	Ausgrid	Lane Cove 132	1,945.21	3.7031
Ausgrid	Ausgrid	Macquarie Park 11	3,834.21	5.8323
Ausgrid	Ausgrid	Maroubra 11	3,530.27	7.5870
Ausgrid	Ausgrid	Marrickville 11	2,361.09	3.2276
Ausgrid	Ausgrid	Mason Park 132	2,190.30	2.9160
Ausgrid	Ausgrid	Meadowbank 11	2,833.97	3.8290
Ausgrid	Ausgrid	Mitchell Line 66	3,318.28	2.9254
Ausgrid	Ausgrid	Munmorah 33	1,816.50	0.0000
Ausgrid	Ausgrid	Muswellbrook STS 33	2,538.85	2.0802
Ausgrid	Ausgrid	Ourimbah 132	999.04	2.4593
Ausgrid	Ausgrid	Ourimbah 33	1,547.25	2.0198
Ausgrid	Ausgrid	Ourimbah 66	1,998.09	2.2168
Ausgrid	Ausgrid	Peakhurst 33	3,786.39	2.3195

TNSP	Customer	Connection Point	Exit (\$/day)	Locational (\$/kW/month)
Ausgrid	Ausgrid	Potts Hill 11	2,109.37	3.2388
Ausgrid	Ausgrid	Potts Hill 132	1,461.69	2.7910
Ausgrid	Ausgrid	Rose Bay 11	2,637.35	12.6104
Ausgrid	Ausgrid	Rothbury 11	1,628.78	4.0045
Ausgrid	Ausgrid	Singleton 66	4,564.98	5.5332
Ausgrid	Ausgrid	Somersby 11	1,149.49	2.2346
Ausgrid	Ausgrid	St Peters 11	3,148.22	3.1893
Ausgrid	Ausgrid	Top Ryde 11	2,972.10	4.3647
Ausgrid	Ausgrid	Waverley 11	2,576.24	10.3652
Ausgrid	Ausgrid	West Gosford 11	1,815.58	2.0350
Ausgrid	Ausgrid	Wyong 11	2,114.58	1.6994

TNSP	Customer	Connection Point	Exit (\$/day)	Locational (\$/kW/month)
TransGrid	Ausgrid	Beaconsfield W 132	-	3.0613
TransGrid	Ausgrid	Haymarket 132	2,294.45	3.3467
TransGrid	Ausgrid	Liddell 330	-	0.6215
TransGrid	Ausgrid	Munmorah 330	1,086.31	1.0313
TransGrid	Ausgrid	Newcastle 132	735.88	1.1418
TransGrid	Ausgrid	Rookwood Rd 132	199.74	2.7639
TransGrid	Ausgrid	Sydney East 132	5,331.32	1.9862
TransGrid	Ausgrid	Sydney North 132	1,231.83	2.3724
TransGrid	Ausgrid	Sydney South 132	594.83	2.0777
TransGrid	Ausgrid	Tomago 132	379.10	1.4243
TransGrid	Ausgrid	Tuggerah 132	169.71	2.1694
TransGrid	Ausgrid	Vales Point 132	1,299.02	1.2272
TransGrid	Ausgrid	Waratah West 132	5,480.32	1.3495