12 November 2021

Mr Warwick Anderson
General Manager Network Pricing
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Submitted via: AERPricing@aer.gov.au

Dear Warwick

Re: Standardised pricing model template

AusNet welcomes the collaborative approach the Australian Energy Regulator (AER) has taken to develop a standardised pricing model aimed at improving the annual pricing process. We are pleased to have the opportunity to provide feedback to the AER on the standardised pricing model template (the pricing model).

Upon reviewing the pricing models, we have compiled a list of issues with comments relating to the main pricing model in Appendix A for AER's consideration.

If you have any queries on our submission, please do not hesitate to contact Edwin Chan by email on ███████████████████████

Your sincerely,

Charlotte Eddy
General Manager Regulatory Strategy and Policy
AusNet Services

Appendix A: Feedback on the pricing model

Issues	Comments
Network tariff inputs	The calculation of historical revenue in the pricing model is based on network tariffs applicable for the current regulatory period. When trying to perform the same calculation where t-1 is the last regulatory year in previous regulatory period, the calculated historical revenue may be incorrect due to a misalignment in network tariffs. For example, different number of tariffs due to new tariffs added or tariffs being made redundant when transitioning over to the new regulatory period. To rectify the issue, AusNet suggests: - the AER creates a new input section in the "Tariffs" sheet to provide the capability to populate network tariffs from the previous regulatory period; - to modify formulas in sheets where tariffs are listed to capture tariffs from the previous regulatory period where required; and - to maintain the current layout of Calculation table 13 on the "Tariff revenue" sheet, insert additional rows so that all tariffs from the current and previous regulatory period can be included so that the revenues for each tariff can be allocated and summarised accurately.
Historical CPI	December CPI indexes are not applicable for the Victorian businesses 2016-20 regulatory period and the calculated CPI in the pricing model is currently not consistent with the CPI used in the 2021-22 Victorian tariff approval model. We recommend that the Input table 2 on the "General" sheet be updated to use June CPI indexes to reflect CPI used in CY19, CY20 and HY21 for the Victorian businesses.
Pricing model file size	The current file size of the pricing model is large and will get larger once the pricing model is finalised and DNSPs' inputs are entered. This may eventually create an issue where exchanging emails with the pricing model as an attachment may be blocked due to the email breaching the company's email size limit policy. AusNet supports the AER converting the pricing model to an Excel Binary format to reduce the size of the pricing model whilst retaining the functionality that exist with the Open XML format.
Peak and off-peak demand calculation	In Input table 22 on the "Tariffs" sheet, it does not cater for demand components with peak and off-peak seasons correctly. For example, annualised demand data (split into peak and off-peak seasons) will be populated into the pricing model. The charging unit will be set to $/kW/month (to reflect the monthly charging across peak and off-peak seasons) but the pricing model applies a multiplier of 12 and incorrectly inflate the annual demand revenue. To rectify this issue, AusNet recommends the AER to remove the multiplier

	when calculating the revenue for demand component with peak and off-peak seasons.
kVA unit denomination	A kVA unit denomination needs to be added to the Unit denominations section in the "Lookup|Table" sheet. This will enable AusNet's kVA demand tariffs to be set up correctly in the pricing model.
Metering tariffs list	The formulas in the Metering tariffs list section in the "Lookup|Table" sheet need to be updated to capture the Victoria businesses metering tariffs that are populated in Input table 20 on the "Metering" sheet.