

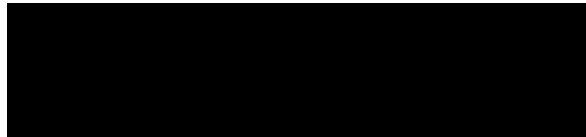
Annual pricing proposal statement of compliance

Note: Distributors are required to complete this checklist for the AER to focus its assessment of annual pricing proposals. To the extent there are inconsistency in numbers, the compliance model prevails over the explanatory statement. For clauses **6.18.2(d)** and **6.18.2(e)**, distributors are required to input indicative prices for the relevant years into the compliance model and not replicate them in the explanatory statement.

Each rule requirement below is followed by a statement which guides our assessment. Distributors should respond with true, false, or not applicable in the fourth column. For the page/section column, distributors may refer to the relevant section in the approved tariff structure statement.

This statement of compliance should be accompanied by assurance provided by an executive or similar.

I, Alex McPherson, Head of Regulation, confirm that the below statements are true and correct.



[signature]

30 March 2023

[date]

Rule reference	Rule requirement and assessment statement	T/F or n/a	Page / section	Additional comments
6.18.1C and 11.141.8	<p>Sub-threshold tariffs</p> <p>No later than four months before the start of a regulatory year (other than the first regulatory year of a regulatory control period), a Distribution Network Service Provider may notify the AER, affected retailers and Market Small Generation Aggregators and affected retail customers of a new proposed tariff (a relevant tariff) that is determined otherwise than in accordance with the Distribution Network Service Provider's current tariff structure statement, if both of the following are satisfied:</p> <p>(1) the Distribution Network Service Provider's forecast revenue from the relevant tariff during each regulatory year in which the tariff is to apply is no greater than 1 per cent of the Distribution Network Service Provider's annual revenue requirement for that regulatory year (the individual threshold); and</p> <p>(2) the Distribution Network Service Provider's forecast revenue from the relevant tariff, as well as from all other relevant tariffs, during each regulatory year in which those tariffs are to apply is no greater than 5 per cent of the Distribution Network Service Provider's annual revenue requirement for that regulatory year (the cumulative threshold).</p>		Compliance model "Compliance" worksheet rows 64:84	Also see Ausgrid's 2023/24 Sub-threshold application, submitted to AER on 28 February 2023.
	<p><i>Each sub-threshold tariff has a forecast revenue that is less than 1 per cent of the TAR, and all sub-threshold tariffs have a combined forecast revenue less than 5 per cent of TAR.</i></p>	True		
6.18.2(b)	<p>Pricing proposals</p> <p>A Pricing Proposal must:</p>			
6.18.2(b)(2)	<p>Set out the proposed tariffs for each tariff class that is specified in the Distribution Network Service Provider's tariff structure statement for the relevant regulatory control period;</p>		Chapter 3 of the FY24	

	<i>All tariffs remain in the same tariff class as the approved tariff structure statement (TSS).</i>	True	Pricing Proposal	
6.18.2(b)(3)	Set out, for each proposed tariff, the charging parameters and the elements of service to which each charging parameter relates;		Chapter 4 of the FY24 Pricing Proposal	
	<i>All tariffs retain the same charging parameters as the approved TSS.</i>	True		
6.18.2(b)(4)	Set out, for each tariff class related to standard control services, the expected weighted average revenue for the relevant regulatory year and also for the current regulatory year;		Chapter 5 of the FY24 Pricing Proposal	
	<i>The expected weighted average revenue for each tariff class is provided for the current and forecast years.</i>	True		
6.18.2(b)(5)	Set out 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;		Chapter 6 of the FY24 Pricing Proposal	
	<i>The information provided for this rule requirement has not materially changed from the approved TSS (for the first pricing proposal of the regulatory period), or the previous pricing proposal (for subsequent pricing proposals).</i>	True		
6.18.2(b)(6)	Set out how designated pricing proposal charges 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;		Chapter 7 of the FY24 Pricing Proposal	
	<i>The information provided for this rule requirement has not materially changed from the approved TSS and/or the previous pricing proposal.</i>	True		
6.18.2(b)(6A)	Set out how jurisdictional scheme amounts for each approved jurisdictional scheme are to be passed on to customers and any adjustments to tariffs resulting from over or under recovery of those amounts;		Chapter 8 of the FY24 Pricing Proposal	The introduction of the NSW Electricity Infrastructure Scheme (Roadmap) has created two new jurisdictional schemes.
	<i>The information provided against this rule requirement has not materially changed from the approved TSS and/or the previous pricing proposal.</i>	False		

6.18.2(b)(6B)	Describe how each approved jurisdictional scheme that has been amended since the last jurisdictional scheme approval date meets the jurisdictional scheme eligibility criteria;		Chapter 8 of the FY24 Pricing Proposal	The introduction of the NSW Electricity Infrastructure Scheme (Roadmap) has created two new jurisdictional schemes.
	<i>Jurisdictional schemes are unchanged since the previous pricing proposal.</i>	False		
6.18.2(b)(6C)	Set out how system strength charges for system strength connection points on its network are to be passed through as described in clause 6.20.3A;		Chapter 7 of the FY24 Pricing Proposal	Supporting attachment: Ausgrid's revised transmission pricing methodology 2019-24
	<i>The information provided for this rule requirement has not materially changed from the approved TSS and/or the previous pricing proposal.</i>	False		
6.18.2(b)(7)	Demonstrate compliance with the Rules and any applicable distribution determination, including the Distribution Network Service Provider's tariff structure statement for the relevant regulatory control period;		Chapters 12 and 13 of the FY24 Pricing Proposal	
	<i>The information provided for this rule requirement has not materially changed from the approved TSS and/or the previous pricing proposal.</i>	True		
6.18.2(b)(7A)	Demonstrate 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 explain any material differences between them;		Chapter 12 of the FY24 Pricing Proposal	Tariff components are different to indicative prices due to changes in transmission revenues, volume and customer forecasts, new jurisdictional schemes, CPI, price paths, and other factors.
	<i>Tariff prices are not materially different to the corresponding indicative prices.</i>	False		
	<i>If response to the previous question is false, the standardised compliance model/annual pricing proposal explains the source(s) for material changes in prices.</i>			
6.18.2(b)(8)	Describe the nature and extent of change from the previous regulatory year and demonstrate that the changes comply with the Rules and any applicable distribution determination.		Chapters 10 of the FY24 Pricing Proposal	
	<i>There are no other material changes from the approved TSS (for the first pricing proposal of the regulatory period), or the previous pricing proposal (for</i>	True		

	<i>subsequent pricing proposals) that should be brought to the attention of the AER.</i>			
6.18.2(d)	<p>Indicative prices</p> <p>At the same time as a Distribution Network Service Provider submits a pricing proposal under paragraph (a), the Distribution Network Service Provider must submit to the AER a revised indicative pricing schedule which sets out, for each tariff and for each of the remaining regulatory years of the regulatory control period, the indicative price levels determined in accordance with the Distribution Network Service Provider's tariff structure statement for that regulatory control period and updated so as to take into account that pricing proposal.</p>		Not applicable	Noting FY24 is the final year of the current regulatory period.
	<i>Revised indicative prices for tariffs are included in the standardised compliance model.</i>	N/A		
6.18.2(e)	<p>Indicative prices for sub-threshold tariffs</p> <p>Where the Distribution Network Service Provider submits an annual pricing proposal, the revised indicative pricing schedule referred to in paragraph (d) must also set out, for each relevant tariff under clause 6.18.1C, the indicative price levels for that relevant tariff for each of the remaining regulatory years of the regulatory control period, updated so as to take into account that pricing proposal.</p>		Compliance model	<p>Indicative prices are not provided as this is the final year of the 2019-24 regulatory period.</p> <p>For further information see Ausgrid's 2023/24 Sub-threshold application (submitted to AER on 28 February 2023) and TSS explanatory statement (submitted to AER on 31 January 2023).</p>
	<i>Revised indicative prices for sub-threshold tariffs are included in the standardised compliance model where applicable.</i>	N/A		
6.18.5	Pricing principles			
6.18.5(e)	<p>For each tariff class, the revenue expected to be recovered must lie on or between:</p> <p>(1) an upper bound representing the stand alone cost of serving the retail customers who belong to that class; and</p>		Chapter 5 of the FY24 Pricing Proposal	

	(2) a lower bound representing the avoidable cost of not serving those retail customers.			
	<i>The information provided for this rule requirement has not materially changed from the approved TSS and is demonstrated in the standardised compliance model.</i>	True		
6.18.5(g)(2)	The revenue expected to be recovered from each tariff must: when summed with the revenue expected to be received from all other tariffs, permit the Distribution Network Service Provider to recover the expected revenue for the relevant services in accordance with the applicable distribution determination for the Distribution Network Service Provider		Chapter 9 of the FY24 Pricing Proposal	
	<i>The information provided for this rule requirement has not materially changed from the approved TSS and is demonstrated in the standardised compliance model.</i>	True		