



Ref: 20210331:CW:JC

31 March 2021

Mrs Kami Kaur  
Acting General Manager Distribution  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

Dear Mrs Kaur

### Essential Energy's 2021-22 Pricing Proposal

I am pleased to provide Essential Energy's 2021-22 Pricing Proposal (pricing proposal) to the Australian Energy Regulator (AER) and advise that it complies with the terms of the AER's 2019-24 Final Determination for Essential Energy ("the Determination").

The pricing proposal has been prepared in accordance with the requirements of Chapter 6 of the National Electricity Rules (the Rules) which establishes a process of price notification and review by the AER for annual price changes. The pricing proposal also follows the structures detailed in the Determination – Tariff Structure Statement (TSS). The pricing proposal adheres to the Indicative Pricing Schedule contained in the TSS for 2021-22 and has only been updated for:

- > CPI;
- > cost of debt and resulting change to Weighted Average Cost of Capital and X factor;
- > Pass through of transmission use of system charges advised by TransGrid, Powerlink and various distributors;
- > Pass through of jurisdictional scheme amounts; and
- > Adjustments to revenue as required under the Rules.

In preparing this pricing proposal, Essential Energy has considered a number of factors, including how mild weather and to a lesser extent, Covid-19, has impacted consumption forecasts. Our forecast methodology has been detailed in the attached Pricing Report for 2021-22.

In addition, the proposal provides more detail on our proposed tariff trials. As indicated in a letter to AER dated 26 February 2021 Essential Energy intend to start tariff trials during the 2021-22 year and the proposed tariff structures for trial have, indicatively, been included in this pricing proposal.

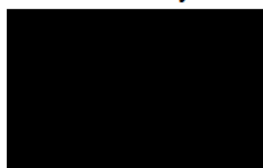
The table below contains a list of the required documents as part of this pricing proposal. We have also indicated which of these items are confidential.

| Attachment | Description   | Public/Confidential  |
|------------|---|--|
| 1          | Network price change model for 2021-22 in the form of a revenue cap | Confidential – this includes cost reflective network prices for individual large customers |
| 2          | Proposed Public Lighting prices for 2021-22                         | Public   |

| Attachment | Description   | Public/Confidential  |
|------------|---|--|
| 2a         | Public Lighting pricing model   | Public   |
| 3          | Proposed schedule of Ancillary Network Services for 2021-22   | Public   |
| 3a         | Ancillary Network Services pricing model  | Public   |
| 4          | Proposed schedule of Metering Services for 2020-24  | Public   |
| 4a         | Metering Services pricing model   | Public   |
| 5          | 2021-22 Pricelist and explanatory notes for distribution charges, TUoS, CCF and Queensland Solar Scheme – a similar pricelist for network charges will be notified to retailers and customers once approved | Public   |
| 6          | 2021-22 Annual Network Pricing Report   | Public   |
| 7          | Indicative Pricing Schedule for 2020-24   | Public   |
| 8          | Stand alone and avoidable cost model  | Confidential – this includes cost reflective network prices for individual large customers |
| 9          | Letter to AER outlining intention to introduce sub-threshold tariffs  | Public   |

We would be pleased to meet with the AER to discuss this pricing proposal in more detail. If you require any further information, please contact Natalie Lindsay on [REDACTED] or Catherine Waddell on [REDACTED]. Alternatively, please do not hesitate to contact me on [REDACTED].

Yours sincerely



John Cleland  
Chief Executive Officer