



Part of Energy Queensland

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31 March 2023

Warwick Anderson
General Manager – Network Pricing
Australian Energy Regulator

By email: AERPricing@aer.gov.au

Dear Warwick

Ergon Energy – 2023-24 Pricing Proposal

I am pleased to provide Ergon Energy's annual Pricing Proposal to the Australian Energy Regulator (AER).

We submit this Pricing Proposal for 2023-24, the fourth regulatory year of the 2020-25 regulatory control period, to the AER in accordance with the requirements of the National Electricity Rules (NER) and consistent with Ergon Energy's Tariff Structure Statement (TSS) approved by the AER for the 2020-25 regulatory control period.

The pricing proposal submission contains the following:

- 2023-24 Pricing proposal
- Attachment 1 – 2023-24 Network Price List
- Attachment 2 – 2024-25 Indicative Price Schedule
- Attachment 3 – 2023-24 annual SCS pricing model
- Attachment 4 – 2023-24 annual ACS pricing model
- Confidentiality claims template
- A signed Statement of Compliance
- Supporting documents for estimate and forecast inputs

As requested in the AER's email of 29 March 2023, this cover letter also sets out the headline price movements and key cost drivers information.

Headline price movements

Ergon Energy estimates that the majority of residential and small business customers with smart meters will experience a decrease in their 2023-24 network charges compared with 2022-23 (between 0.4% and 4.6%). Residential and small business customers with smart metering will

experience a larger decrease in their network bill compared with basic meter customers. These customer impacts reflect Ergon Energy's tariff strategy which provides gradual incentives to customers to transition to cost reflective tariffs. For an average residential customer in the East pricing zone on cost-reflective tariff consuming 5.5 MWh per annum this equates to a \$22 decrease in annual network bill.

Cost drivers

This change in network charges is driven by the forecast decrease in distribution revenue (2021-22 revenue under-recovery was less than forecast in prior year's pricing proposal requiring us to return revenue to customers) and a decrease in the jurisdictional scheme amounts that we are required to recover from customers.

If you have any questions with respect to the pricing proposal, please do not hesitate to contact me.

Yours sincerely



Nicola Roscoe

General Manager – Strategy and Regulation