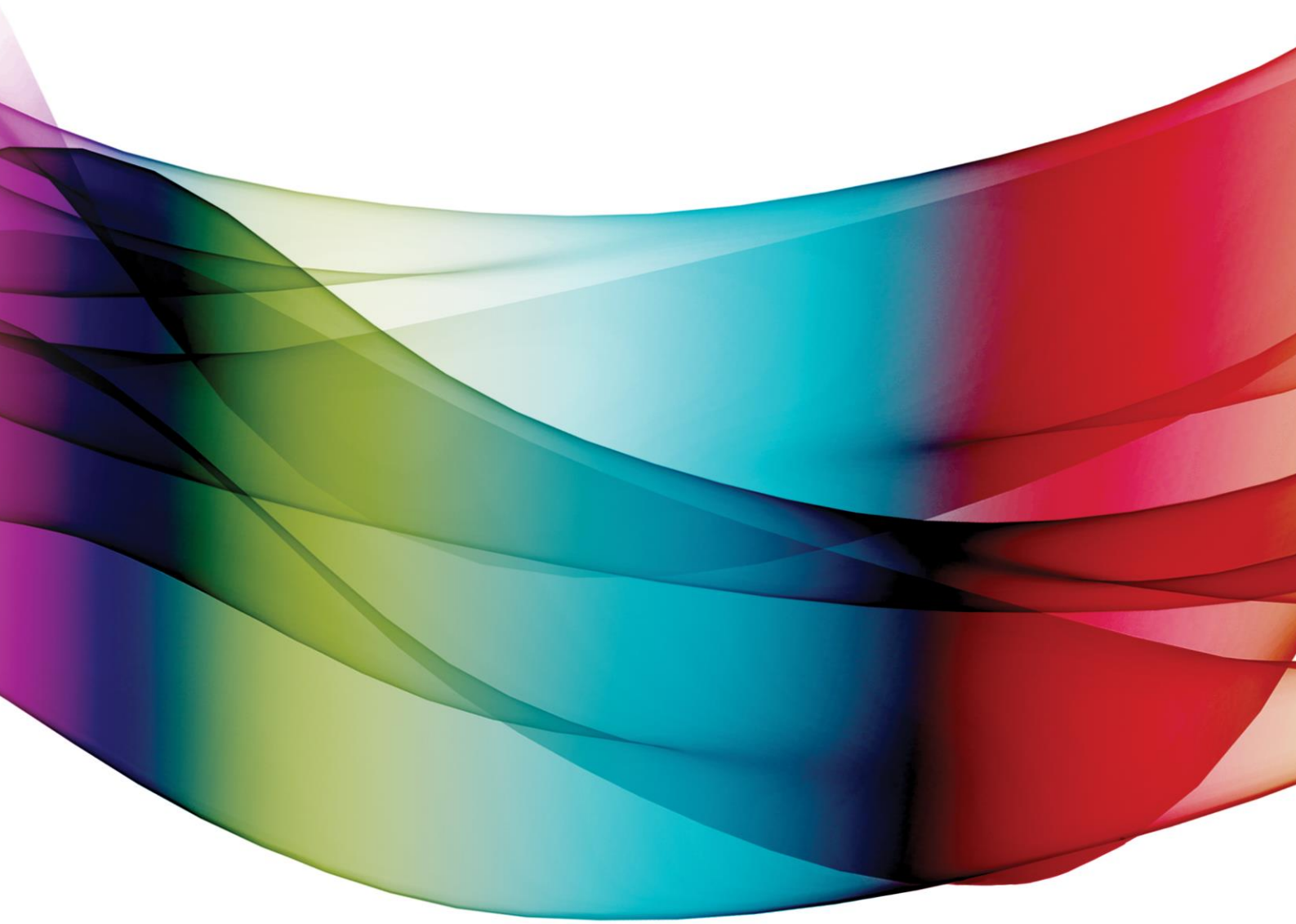
Annual Distribution Pricing Proposal

For 1 July 2020 to 30 June 2021

Overview



TasNetworks

Delivering your power

Introduction

The National Electricity Rules (**NER**) require that at least three months prior to the beginning of the each regulatory year TasNetworks, as the operator of an electricity distribution network within the National Electricity Market (**NEM**), must submit for the Australian Energy Regulator's (**AER**) approval an Annual Pricing Proposal. In essence, the purpose of an Annual Pricing Proposal is to set out the network tariffs which TasNetworks is proposing to apply in the coming year, as well as the prices it proposes to charge for a range of standardised non-network services. These are the charges which TasNetworks intends using to recover the revenue allowance which has previously been approved by the AER for that year.[1]

An Annual Pricing Proposal is, however, a lengthy and at times complex document, which is designed to explain to the AER – in some detail – not only the prices TasNetworks proposes to apply in 2020-21, but also their derivation, as well as TasNetworks' compliance with the NER and a range of other regulatory obligations when setting its prices. The purpose of this Overview document is to provide interested stakeholders, including customers, with a more accessible guide to TasNetworks' network tariffs and service charges in 2020-21.

[1] The cost of services provided by TasNetworks where the price is negotiated between TasNetworks and its customers (negotiated services) is not addressed in Annual Pricing Proposals.

Who is TasNetworks?

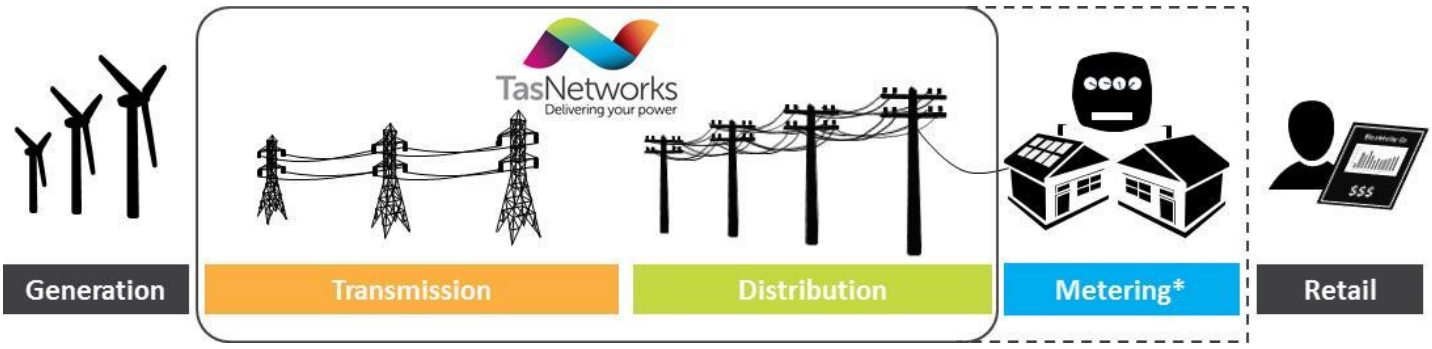
Delivering your power

TasNetworks owns and operates Tasmania's electricity grid. TasNetworks takes high voltage power from over 30 hydro-electric power stations and wind farms and delivers low voltage electricity to 290,000 Tasmanian households, businesses and organisations throughout the State. We also deliver high voltage electricity directly from the transmission network to around ten large commercial and industrial users of electricity. And we operate and maintain 50,000 public lights on behalf of councils and other Government road authorities.

In other parts of the country, ownership of the high voltage transmission networks that connect power stations to the grid and ownership of the lower voltage distribution networks that deliver power down every street is generally separated. But in Tasmania TasNetworks provides both distribution network services (via the poles and wires) and transmission network services (via the large metal towers and lines). This makes for greater efficiencies and allows us to focus on managing 'one' Tasmanian network.

With total assets of over $3 billion, TasNetworks provides the electricity network that ensures our customers receive a safe, reliable and affordable electricity supply. The following diagram illustrates TasNetworks' role in Tasmania's electricity supply industry.

TasNetworks' role in the electricity supply chain



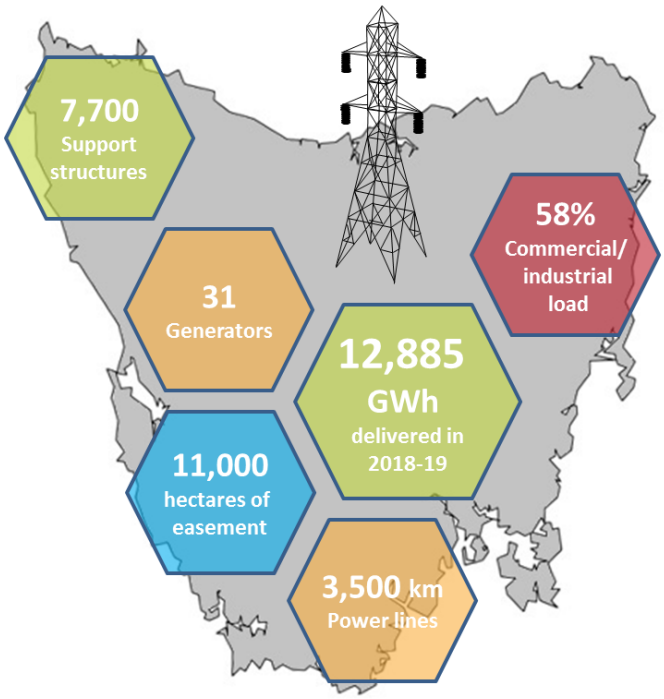
* The metering services provided by TasNetworks relate to the reading and maintenance of standard meters installed prior to December 2017. Since 1 December 2017, the nature of our involvement in the provision of meters for residential and small business customers has changed as a result of alterations made to the regulatory framework applying to metering services across the National Electricity Market. Those changes mean that retailers are now responsible for providing and maintaining advanced meters on a new and replacement basis. TasNetworks will continue to support its existing fleet of meters but is not involved with the provision or reading of advanced meters installed since 1 December 2017.

TasNetworks' facts and figures

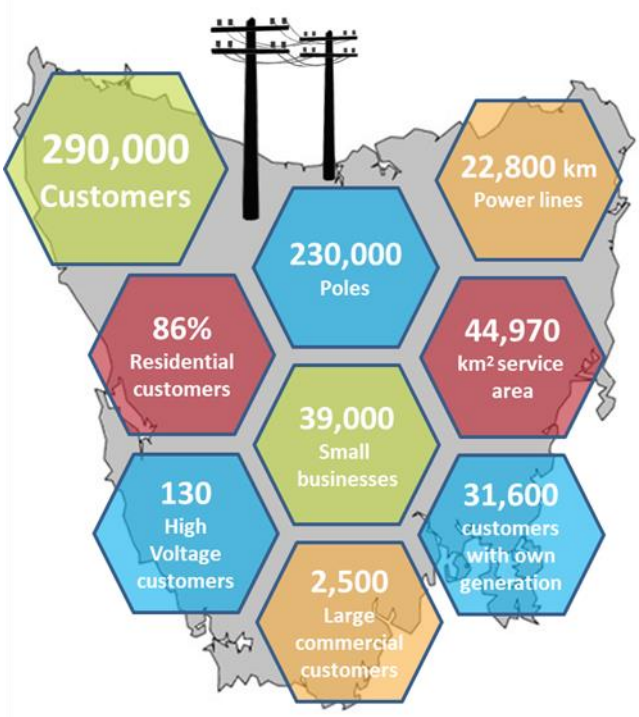
Tasmania's transmission network connects just over 30 hydro-electric power stations and wind farms, plus one thermal (gas-fired) power station. Tasmania's generators are geographically dispersed, often in remote locations that are a long way from load centres.

Tasmania has a highly decentralised population and our distribution network is often required to supply relatively low loads over long distances. A large proportion of the network is comprised of long, radial feeders passing through areas of low energy, demand and customer density. We operate a largely rural overhead distribution network, with underground cables generally restricted to central business districts and newer subdivisions and commercial centres in urban and suburban areas.

Transmission network



Distribution network

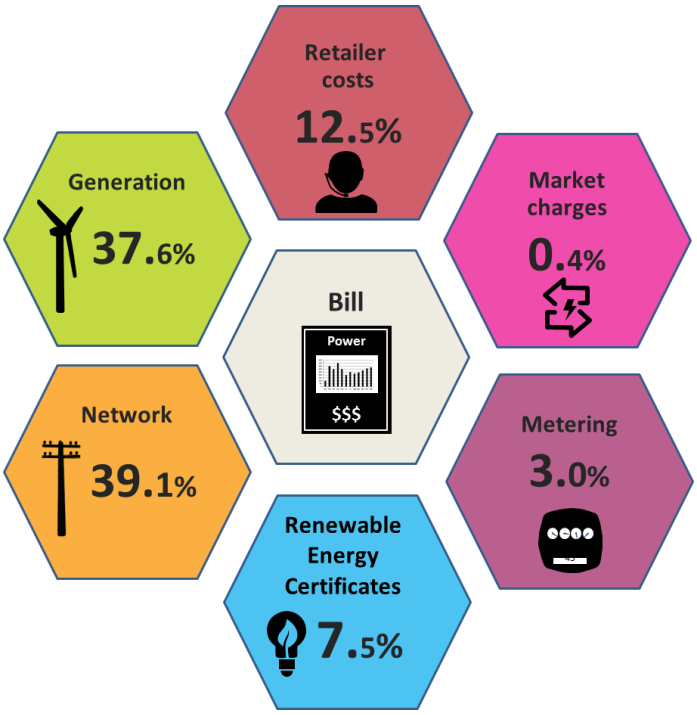


Our network charges are regulated

The charges you see on the electricity bill from your retailer cover much more than just the cost of generating the power that you've used. Amongst other things, the cost of delivering power to your home or business, the cost of your meter and the cost of providing retail services all contribute to the charges on your bill.

Of these, the cost of using the network to deliver power to your property makes up just under 40 per cent of the delivered cost of electricity for most households and small businesses in Tasmania. This includes the cost of transporting electricity via the high voltage transmission network and the lower voltage poles and wires (and underground cables) that make up the distribution network.

Cost components of a typical residential or small business electricity bill (2019-20)[2]



Network tariffs are the fees and charges we use to recover the cost of building, running and maintaining the electricity network in Tasmania. Every household, business and organisation connected to the network makes a contribution towards this cost. However, rather than bill customers directly for their use of the network, we charge their retailer, who then passes the cost of the network on to customers through the retail tariffs that appear on their power bills.

The amount of revenue we are able to recover from our customers each year and the prices we charge to recover that revenue are approved by the AER. Every five years the AER sets our revenue allowances in advance, and then approves each year the network prices we charge to recover that revenue in the following year.

Our Annual Distribution Pricing Proposal for 2020-21 sets out the prices we will charge to recover our allowable revenue for that year.

This document summarises our Annual Distribution Pricing Proposal for the year from 1 July 2020 to 30 June 2021. It sets out the prices that will be charged to recover our allowable revenue for that year, explains some of the price changes that will occur from 1 July 2020 and what our network charges will look like in the future.

[2] Based on Figure 2 – 2019-20 Notional Maximum Revenue, *Pricing Proposal for Period 4 of the 2016 Standing Offer Price Determination 1 July 2019 – 30 June 2020*, Aurora Energy

Our services and charges

Network charges

We use network charges to recover the cost of building, running and maintaining what is referred to as the 'shared' electricity network – the network that is relied upon by all customers. The shared network includes things like the overhead power lines and underground cables that deliver electricity to every property, our depots and even the vehicles our field crews need to work on the network.

The cost of the shared network that we seek to recover from customers also includes things like the cost of responding to emergency outages, replacing old or failing assets, extending the network into new areas and trimming trees to keep them away from power lines.

Rather than setting prices, the AER caps the amount of revenue we can collect from our customers to pay for shared network services. Most of our revenue is earned through network tariffs and it is these charges that retailers use as an input to customers' electricity bills.

After a small decrease in 2016-17, the network charges faced by typical residential and small business customers fell by almost 20 per cent in 2017-18 and a further 2.9 per cent in 2018-19, bringing network charges back to the same level, in real terms, as they were in 2009-10. For most households and small businesses, network charges decreased by another 1.2 per cent in 2019-20.

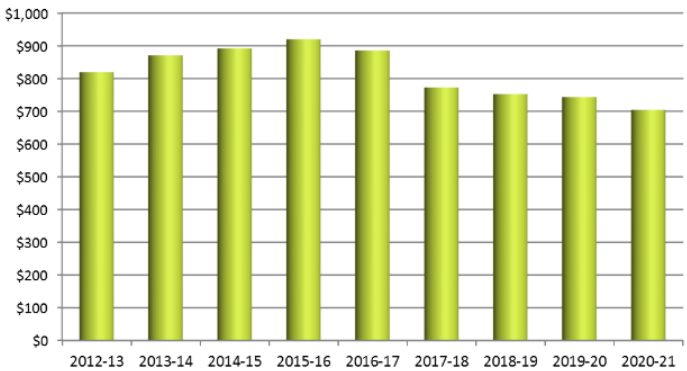
In 2020-21 network prices are expected to fall for all customers, on average by a further 3.8 per cent.

For 2020-21, network charges are decreasing again, on average, by 3.8 per cent.

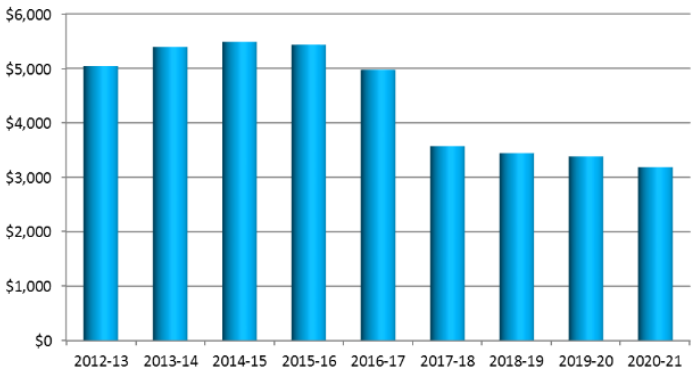
The network charges incurred by a typical residential customer supplied under the combination of a network tariff (TAS31) for general power and light and another for hot water and/or home heating (TAS41) will be lower by around 5.2 per cent in 2020-21 than they were in 2019-20, and 6.9 per cent lower in real terms.

The network charges incurred by an energy intensive small business customer assigned to the TAS22 network tariff should be around 5.8 per cent lower than they were in 2019-20 (7.5 per cent less in real terms) and 41 per cent lower in 2020-21 than they were in 2015-16, the year in which network charges were at their highest.

Annual network charges for a typical residential customer



Annual network charges for an energy intensive small business



Note: All costs are in $nominal.

Annual network charges for a typical residential customer are based on a household consuming 7,420 kWh p.a., split 45:55 between the TAS31 and TAS41 network tariffs.

Annual network charges for a typical energy intensive small business are based on a small business using 33,870 kWh p.a., assigned to the TAS22 network tariff.

Why are network charges decreasing again in 2020-21?

With the total revenue we can collect from customers each year approved by the AER, the recovery of that revenue has to be shared equitably between the different categories of customers who connect to our network. We base this allocation on the demands that each category of customer is expected to make on the shared network in the coming year. The amount of revenue allocated to each category of customer is then divided between the various network tariffs that apply to each of those customer categories, in order to set the prices we will charge customers on those tariffs for their use of the network.

Our network charges can increase or decrease from one year to another because our annual revenue allowance varies between years, sometimes significantly. This variation can be driven by a range of factors, from changes in operating costs through to peaks and troughs in network construction and maintenance. To avoid large fluctuations in network charges our annual revenue allowance is often smoothed over time by the AER, so that it doesn't exactly follow changes in our expenditure. But even with the effects of smoothing, the prices we charge in one year are unlikely to be the same as they were the year before, or the same as they will be in the year following.

The process of turning our revenue allowance into prices can also introduce some variability into our network charges. The methodology – which is approved by the AER – is based on forecasts of variables like customer numbers, electricity consumption and demand, and the number of customers assigned to each network tariff. Sometimes those forecasts will prove to be inaccurate, resulting in either an over or under recovery of TasNetworks' revenue allowance. For example, a colder than average winter can result in higher electricity consumption than the forecast used to set our prices for the year in question, and if customers are on consumption based network tariffs, TasNetworks may end up recovering more than the revenue allowance set by the AER for that year as a result.

However, because the amount of revenue we recover from our customers through general network charges (tariffs) is capped, TasNetworks cannot retain any over recovery. Therefore, every year we reconcile the revenue actually recovered from our customers with our revenue allowance for that year, and if we've recovered too much in the way of general network charges, we then adjust our pricing in the coming years to return the difference to our customers, in the form of lower prices than might otherwise have applied.

A similar 'unders and overs' arrangement also applies to the revenue that we can earn from operating Tasmania's high voltage transmission network, which is also capped by the AER. Adjustments made to transmission network charges in subsequent years also have a flow-on effect for the network charges paid by customers taking their supply from the low voltage distribution network, because most of the power used by households and small businesses is sourced from large-scale generators that are connected to the grid by the transmission network.

Because the AER sets our annual revenue allowances for five years at a time, in addition to adjusting for under and over recoveries, the annual revenue allowances set by the AER prior to the start of each five year regulatory period are also adjusted to reflect the inflation which has occurred since the AER made its revenue determination, which for TasNetworks was at the beginning of 2019.

Prior to the 2019 – 2024 regulatory period commencing, the AER had approved a revenue allowance for 2020-21 that was 4.0 per cent higher than the allowance for 2019-20. However, the over-recoveries of revenue that occurred in 2018-19 and 2019-20 due to higher levels of consumption than were forecast when setting network prices for those years, as well as lower transmission charges being passed on to the distribution network in 2020-21, result in a lower revenue target for our distribution network in 2020-21. When the recovery of this lower revenue target is spread across the unchanged level of consumption of electricity which has been forecast in 2020-21, the net result is distribution network charges in 2020-21 that are expected to fall by an average of 3.8 per cent for all customers, compared to 2019-20.

Indicative price changes

Residential customers

The majority of residential customers use a combination of two network tariffs: the Residential low voltage general tariff (TAS31) for general power and lighting, and the Uncontrolled low voltage heating tariff (TAS41) for home heating and/or hot water. Following is a comparison of the charges applying to each tariff in 2020-21 with the charges applying in the previous year, 2019-20.

- TAS31 service charge – no change from 51.153 cents per day in 2019-20 to 51.153 cents per day in 2020-21
- TAS31 energy charge – decreases by 10.5 per cent from 9.167 cents per kilowatt hour (kWh) in 2019-20 to 8.201 cents/kWh in 2020-21
- TAS41 service charge – no change from 6.321 cents per day in 2019-20 to 6.321 cents per day in 2020-21
- TAS41 energy charge – decreases by 2.8 per cent from 5.542 cents/kWh in 2019-20 to 5.389 cents/kWh in 2020-21

In recent years, residential customers have begun switching from the TAS31 and TAS41 tariff combination to the TAS93 network tariff, a time-of-use consumption based network tariff that offers lower network charges at off-peak times – including weekends in their entirety. And as part of a national effort to increase the take-up of time of use network pricing around Australia, from 1 July 2019 all new homes and residential properties that have an advanced meter installed have been assigned to TAS93 by default[3] – with the option to opt-out to another tariff, through their retailer, if they prefer. Following is a comparison of the charges applying to the TAS93 network tariff in 2020-21 with the charges applying in the previous year, 2019-20.

- TAS93 service charge – no change from 55.923 cents per day in 2019-20 to 55.923 cents per day in 2020-21
- TAS93 energy charge (peak times) – decreases by 8.2 per cent from 15.864 cents/kWh in 2019-20 to 14.564 cents/kWh in 2020-21
- TAS93 energy charge (off-peak times) – decreases by 5.7 per cent from 2.936 cents/kWh in 2019-20 to 2.769 cents/kWh in 2020-21

Small business customers

The majority of low voltage businesses customers are assigned to the TAS22 network tariff, a flat consumption-based network tariff with no time of use conditions.

- TAS22 service charge – no change from 50.862 cents per day in 2019-20 to 50.862 cents per day in 2020-21
- TAS22 energy charge – decreases by 6.2 per cent from 9.443 cents/kWh in 2019-20 to 8.861 cents/kWh in 2020-21

From 1 July 2019, all low voltage small business premises that have an advanced meter installed, or have their supply upgraded or meter exchanged for an advanced meter, have been assigned to the TAS94 by default[4] – with the option to opt-out to another tariff, through their retailer, if they prefer. Following is a comparison of the charges applying to the TAS94 network tariff in 2020-21 with the charges applying in the previous year, 2019-20.

- TAS94 service charge – no change from 66.902 cents per day in 2019-20 to 66.902 cents per day in 2020-21
- TAS94 energy charge (peak times) – decreases by 5.1 per cent from 10.121 cents/kWh in 2019-20 to 9.607 cents/kWh in 2020-21
- TAS94 energy charge (shoulder period) – decreases by 5.1 per cent from 6.073 cents/kWh in 2019-20 to 5.765 cents/kWh in 2020-21
- TAS94 energy charge (off-peak times) – decreases by 5.0 per cent from 1.518 cents/kWh in 2019-20 to 1.442 cents/kWh in 2020-21

[3] Subject to a 12 month delay from the date of advanced meter installation to enable the collection of time of use metering data.

[4] Subject to a 12 month delay from the date of advanced meter installation to enable the collection of time of use metering data.

The time to change to time of use network charges is here

Currently, most customers pay a flat rate for their electricity and their use of our network, and their bills reflect the amount of electricity they use between bills. The problem with this arrangement is that the cost of providing the network isn't so much driven by the amount of power customers use over time, but by the capacity needed to meet generally short peaks in usage (that typically occur on cold weekday mornings and evenings).

Charging the same rate for the use of the network 24 hours a day, seven days a week, means that customers who use power outside of periods of high demand aren't rewarded for doing so. And it means that some customers who draw less power from the network during the day, because they have solar panels for example, pay less towards the cost of the network because they take less power from it over time. This is despite the fact that they often place the same demands on the network during the morning and afternoon peaks as customers who don't have solar panels. It also means that, for most people, the only way to save money on their electricity bills is to use less power.

We all need the security and reliability that the electricity network provides, regardless of how much power we use. But there needs to be a better, fairer way of charging households and small businesses for their use of the network.

Time of use network charges are widely accepted as being a fairer way of sharing the cost of an electricity network between the customers who are connected to it.

Customers are already switching to time of use tariffs. Over time, we plan to transition progressively more customers from their present flat network tariffs to fairer, more modern and cost reflective network tariffs. One of the triggers for reassigning customers to a more modern network tariff will be the installation of an advanced (or 'smart') meter, which has the ability to record the information needed to bill customers on a time of use basis.

To that end, consumption based time of use network tariffs became the default network tariffs for all new small business and residential connections from 1 July 2019. They are also being applied to small business customers and home owners that modify or upgrade their connections[5], as well as small businesses and homes that have their meter(s) replaced with an advanced (or 'smart') meter.

Since 1 July 2019, consumption based time of use network tariffs have become the default for new small business and residential premises, as well as small businesses and households that change their network connection or have an advanced meter installed.

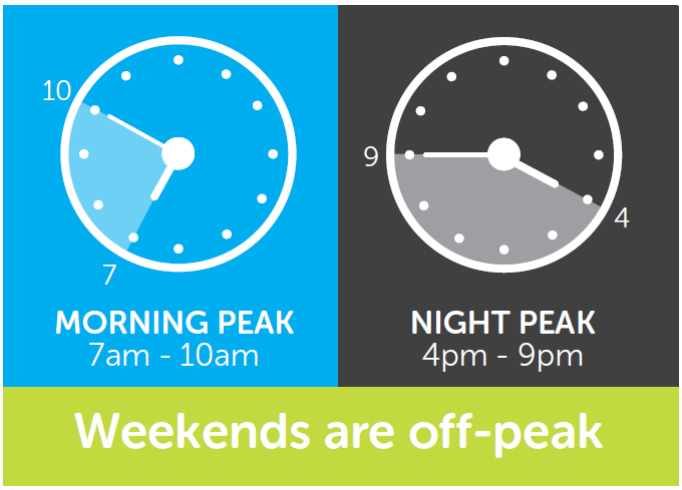
The time of use tariffs aren't applied immediately, however. Under the terms of the AER's decision about the network tariffs TasNetworks offers during the 2019-24 regulatory period, a 12-month delay is applied to each customer, to enable a year's worth of metering data to be collected before the changeover to a time of use network tariff actually takes effect. That data will be available to inform customers' thinking about the retail (and network) tariffs they would like to be supplied under in the future. At the conclusion of the delay period, TasNetworks will begin billing the customer's retailer on a time of use basis, unless the customer elects, through their retailer, to opt-out of the default time of use network tariff.

However, the new tariffs aren't applied until 12 months after the date of connection or meter replacement, with the customer still able to opt-out to an alternative network tariff after that, through their retailer.

We're also adjusting the prices of some of our long-standing network tariffs, which don't appropriately reflect the costs associated with the demands that customers on those tariffs make on the network. For example, we're gradually lifting the price of the dedicated home heating and hot water network tariff (TAS41) so that, eventually, its price will be similar to the residential general power and lighting tariff (TAS31). But this is a gradual process and we're not about to abolish such a widely used tariff and force customers onto an alternative.

[5] For example, by installing solar panels or upgrading from a single phase supply to a three phase supply.

For residential and small business customers on a time of use network tariff, weekends are off-peak



Over the next ten years or so, we expect that time of use network charges will become the norm.

Time of use charges for the use of the electricity network will help customers recognise and pay for the value the network provides to them. Time of use prices will also help customers better understand the costs and benefits of solar panels, battery storage, electric vehicles and energy efficiency measures when making investment and energy use decisions.

Our time of use network tariffs will also enable customers with their own solar panels to apply the power they generate to all of their electricity consumption, not just general power and lighting.

For customers looking to minimise their electricity costs, time of use network charges also offer the chance to reduce their power bills by shifting some of their consumption into cheaper off-peak periods – potentially without any loss of comfort or convenience – rather than just using less electricity.

Time of use network tariffs offer the chance to reduce power bills by shifting consumption into cheaper off-peak periods, rather than just using less, and they enable customers with solar panels to apply the power they generate to all of their electricity consumption.

In the longer term, time of use pricing may even reduce network charges for all customers by encouraging greater use of electricity in periods when there is spare network capacity, meaning we can deliver more electricity without spending money on adding network capacity to cope with growing peaks in demand.

TasNetworks is working closely with electricity retailers to ensure that customers are able to understand their own usage of electricity, what different tariffs might mean for them and how they can manage their use of electricity in a way that maximises the value they get from their electricity supply while minimising the cost.

Regulated metering services

Metering services are provided by TasNetworks for all customers with 'Type 6' metering installations, and form a component of the charges we bill to retailers on their customers' behalf. A Type 6 meter will typically be set up as an accumulation meter, which means that it simply keeps track of how much power is used over time, like an odometer on a car records the total number of kilometres the car has travelled. The meter therefore doesn't record other details like when the electricity was used, or the rate at which it was being used. Type 6 meters have also been used to record how much power customers with solar panels export to the network for use by other customers. The Type 6 meters used by TasNetworks have been electronic for some time, but there are still some old-fashioned spinning disc meters in service.

The charges for metering services are split between a capital charge, which recovers the cost of our metering fleet, and a non-capital charge, which covers the cost of reading the meter and collecting the metering data.

From 1 December 2017, the nature of our involvement in the provision of meters for residential and small business customers changed. The change is a result of amendments made by the Australian Energy Market Commission (**AEMC**) to the regulatory framework applying to metering services.

As a result of those changes, while TasNetworks will continue to support the existing fleet of Type 6 meters, we are no longer involved with the installation or reading of advanced (smart) meters. Instead, electricity retailers are responsible (through their chosen Metering Co-ordinator) for providing and maintaining advanced meters on a new and replacement basis.

In 2019-20, our standard metering charges increased by 3.6 per cent for the capital and 3.4 per cent for the non-capital charge. From 1 July 2020, our capital and non-capital metering charges for standard Type 6 meters will each increase by 2.93 per cent.

With all new meters supplied to residential and small business customers now being advanced meters supplied by their retailer, the bulk of TasNetworks' existing fleet of Type 6 accumulation meters will be retired before they reach the end of their life as a result of the regulatory changes.

If a customer has a Type 6 meter replaced with an advanced meter, we will stop charging their retailer the non-capital metering charge. But the capital charge will continue to be recovered from customers, to enable TasNetworks to recover the full cost of the meters currently in service.

Indicative price changes

- For customers living in a private residential dwelling with a Type 6 meter, the annual cost of their meter will increase from $23.50 in 2019-20 to $24.12 in 2020-21, an increase of $0.62 per annum.
- For a business with a low voltage power supply and a 0Type 6 meter, the annual cost of their meter will increase from $24.31 in 2019-20 to $24.95 in 2020-21, an increase of $0.64 per annum.
- Residential customers who have their Type 6 meter replaced with an advanced meter would pay only the metering related capital charge, saving them $11.46 on an annualised basis, because they will no longer be required to pay for TasNetworks to read the meter and collect their metering data.
- A business which has its Type 6 meter replaced with an advanced meter would also pay only the capital charge, saving them $11.86 on an annualised basis.

Public lighting

Public lighting services consist of the provision of new public lighting, as well as the repair, replacement and maintenance of existing public lighting assets. Public lighting charges recover the costs associated with installing and maintaining the light fitting and its mounting bracket, but do not include charges for utilisation of TasNetworks' distribution and transmission networks to supply electricity to the light. Those costs are recovered through network tariffs.

Public lighting charges vary depending on the type of lights used and are calculated in accordance with the AER's Distribution Determination applying to TasNetworks.

Following an increase, on average, of 2.16 per cent in 2019-20, from 1 July 2020, our public lighting charges will increase by 3.57 per cent.

Indicative price changes

- The majority of new fittings installed for public lighting now involve LED technology.
- The daily charge for New LED technology – Major is 49.014 cents per day, and New LED technology – Minor is 38.200 cents per day.
- In 2019-20, the daily charge for a 150W Sodium Vapour light was 47.847 cents per day (down from 47.881 cents per day in 2018-19). For 2020-21, the daily charge will increase to 49.556 cents per day.
- In 2019-20, the daily charge for a 250W Sodium Vapour light was 48.946 cents per day, down from 49.024 cents per day in 2018-19. For 2020-21, the daily charge will increase to 50.694 cents per day.

Ancillary services – Fee-based services

Fee-based services are services that customers request from TasNetworks where the costs, and the associated benefits from the service, can be directly attributed to that particular customer. Unlike our network charges relating to the shared network, which we bill customers' retailers for on the customers' behalf, we bill customers directly for any fee-based services on a user pays basis. The way we charge customers for fee-based services is still regulated by the AER, but with a price cap rather than a revenue cap. These services include (but are not limited to):

- de-energising or re-energising a connection when a customer changes premises;
- abolishing a power supply – removal of meters and service connection; and
- testing the accuracy of a meter.

In 2019-20 our prices for fee-based services decreased on average by 1.35 per cent. From 1 July 2020, our prices for fee-based services will increase by 2.18 per cent.

Indicative price changes

- In 2019-20, the price for a de-energisation or re-energisation was $78.76 and a special meter read (conducted on a scheduled service day) cost $49.99. In 2020-21, de-energisation or re-energisation will cost $80.48, an increase of 2.18 per cent. Special meter reads (on scheduled service days) will cost $51.08.
- In 2019-20, TasNetworks charged $167.09 to establish a single phase underground connection to a turret/cabinet, 9.2 per cent less than the same service cost in 2018-19. In 2020-21, a single phase underground connection will cost $170.74.

Ancillary services – Quoted services

Quoted services are those services provided by TasNetworks where the nature and scope of the service is specific to an individual customer's needs, and varies from customer to customer. These services are not commonly requested by customers and will vary significantly in their cost, depending on the customer's specific requirements. We prepare a customer-specific quotation for these services, which include (but are not limited to) services like:

- removing or relocating our assets;
- providing network services at a higher standard of reliability;
- providing overhead and underground powerlines for new subdivisions and property developments; and
- more frequent meter reading.

The AER approves the labour rates that we must apply when preparing a quote (in addition to materials and other costs). In 2019-20 our labour rates increased as a result of the inclusion of overheads, vehicle allowances and a margin. In 2020-21 our labour rates will, on average, be 2.18 per cent more than in 2019-20, on a full cost basis.

Our network tariffs in 2020-21

Continuing the journey to cost reflective network tariffs

TasNetworks' is committed to delivering the lowest sustainable prices possible for our customers.

However, like other network businesses across Australia, TasNetworks is changing the way it charges for the delivery of electricity and access to its distribution network. Technological and customer driven changes in the electricity market, such as the widespread uptake of solar panels, mean that the consumption-based network tariffs which have been used for decades to recover the cost of network services are no longer fit for purpose.

Our aim is to encourage a customer led shift to time of use network tariffs, with our customers understanding and recognising the value proposition associated with these new tariffs, as opposed to the current consumption-based network tariffs. As well as the familiar flat consumption based network tariffs, we now offer consumption based time of use network tariffs, as well as demand-based time of use network tariffs, to electricity retailers as a choice for their residential and low voltage business customers.

In addition to our efforts to encourage customers to take up these more cost reflective network tariffs, in 2020-21 we will continue the process which was started a number of years ago of realigning the prices for a number of network tariffs, in order to reduce some long-standing cross-subsidies. The adjustments to our network tariffs are intended to make network pricing fairer, and more closely linked to customers' use of our network, and the value the network provides to each customer.

We will continue to consult with customers on the longer term reform of our network tariffs. For more information on the consultation we have undertaken to date – please refer to our Revised Tariff Structure Statement for 2019-24, which is available on our website.

The following table lists the network tariffs that are available in 2020-21 and provides a comparison between the prices which have been set for 2020-21, and approved by the AER, with the prices which applied in 2019-20.

Tariff class	Tariff	Tariff component	Network charge 2019-20	Network charge 2020-21	Change
High Voltage	TAS15 Business high voltage kVA specified demand (>2.0 MVA)	Service charge ($/day)	27.515	27.515	0.00%
		Peak energy (c/kWh)	0.932	0.894	-4.08%
		Shoulder energy (c/kWh)	0.560	0.537	-4.11%
		Off-peak energy (c/kWh)	0.140	0.134	-4.29%
		Specified demand (c/kVA/day)	8.751	8.563	-2.15%
		Excess demand (c/kVA/day)	43.759	42.814	-2.16%
		Connection specified demand (c/kVA/day)	0.318	0.311	-2.20%
		Excess connection specified demand (c/kVA/day)	1.591	1.556	-2.20%
	TASSDM Business high voltage kVA specified demand	Service charge (c/day)	335.188	335.188	0.00%
		Peak energy (c/kWh)	1.270	1.168	-8.03%
		Shoulder energy (c/kWh)	0.761	0.701	-7.88%
		Off-peak energy (c/kWh)	0.190	0.175	-7.89%
		Specified demand (c/kVA/day)	18.543	17.957	-3.16%
		Excess demand (c/kVA/day)	185.449	179.577	-3.17%
Irrigation	TAS75 Irrigation low voltage time of use	Service charge (c/day)	244.823	244.823	0.00%
		Peak energy (c/kWh)	9.784	9.313	-4.81%
		Shoulder energy (c/kWh)	5.868	5.589	-4.75%
		Off-peak energy (c/kWh)	1.467	1.396	-4.84%
Large Low Voltage	TAS89 Large low voltage commercial time of use demand	Service charge (c/day)	467.668	467.668	0.00%
		Peak demand charge (c/kVA/day)	43.767	41.620	-4.91%
		Off-peak demand charge (c/kVA/day)	14.574	13.858	-4.91%
	TAS82 Business low voltage kVA demand	Service charge (c/day)	331.981	331.981	0.00%
		Energy charge (c/kWh)	2.362	2.243	-5.04%
		Demand charge (c/kVA/day)	32.742	31.412	-4.06%
Small Low Voltage	TAS98 Business Low voltage Distributed Energy Resources	Service charge (c/day)	73.994	73.994	0.00%
		Peak demand charge (c/kW/day)	57.804	55.013	-4.83%
		Off-peak demand charge (c/kW/day)	9.319	10.992	17.95%

Tariff class	Tariff	Tariff component	Network charge 2019-20	Network charge 2020-21	Change
	TAS88 Low voltage commercial time of use demand	Service charge (c/day)	73.994	73.994	0.00%
		Peak demand charge (c/kW/day)	57.804	55.013	-4.83%
		Off-peak demand charge (c/kW/day)	9.319	10.992	17.95%
	TAS22 Business low voltage general	Service charge (c/day)	50.862	50.862	0.00%
		Energy charge (c/kWh)	9.443	8.861	-6.16%
	TAS94 Business low voltage time of use	Service charge (c/day)	66.902	66.902	0.00%
		Peak energy (c/kWh)	10.121	9.607	-5.08%
		Shoulder energy (c/kWh)	6.073	5.765	-5.07%
		Off-peak energy (c/kWh)	1.518	1.442	-5.01%
Residential	TAS87 Residential time of use demand	Service charge (c/day)	56.902	56.902	0.00%
		Peak demand charge	27.521	25.056	-8.96%
		Off-peak demand charge	4.369	5.006	14.58%
	TAS97 Residential low voltage distributed energy resource	Service charge (c/day)	56.902	56.902	0.00%
		Peak demand charge (c/kW/day)	27.521	25.056	-8.96%
		Off-peak demand charge (c/kW/day)	4.369	5.006	14.58%
	TAS31 Residential low voltage general	Service charge (c/day)	51.153	51.153	0.00%
		Energy charge (c/kWh)	9.167	8.201	-10.54%
	TAS101[6] Residential low voltage time of use	Service charge (c/day)	51.571	51.571	0.00%
		Energy charge (c/kWh)	7.602	7.108	-6.50%
	TAS93 Residential low voltage time of use	Service charge (c/day)	55.923	55.923	0.00%
		Peak energy (c/kWh)	15.864	14.564	-8.19%
		Off-peak energy (c/kWh)	2.936	2.769	-5.69%
Uncontrolled Energy	TAS41 Uncontrolled low voltage heating	Service charge (c/day)	6.321	6.321	0.00%
		Energy charge (c/kWh)	5.542	5.389	-2.76%
	TAS61[7]	Service charge (c/day)	12.044	12.044	0.00%

[6] The TAS101 network tariff is obsolete and no longer available to new customers.

[7] The TAS61 network tariff is obsolete and no longer available to new customers.

Tariff class	Tariff	Tariff component	Network charge 2019-20	Network charge 2020-21	Change
Controlled Energy	Controlled low voltage energy – off-peak with afternoon boost	Energy charge (c/kWh)	1.645	1.532	-6.87%
	TAS63 Controlled low voltage energy – night period only	Service charge (c/day)	12.044	12.044	0.00%
		Energy charge (c/kWh)	1.424	1.324	-7.02%
Unmetered	TASUMS Unmetered supply low voltage general	Service charge (c/day)	50.862	50.862	0.00%
		Energy charge (c/kWh)	11.159	10.419	-6.63%
Streetlights	TASUMSSL Unmetered supply low voltage public lighting	Demand charge (c/lamp watt/day)	0.108	0.103	-4.63%

Further information

In addition to this overview of our Annual Distribution Pricing Proposal, each year we publish a number of network pricing documents to help network users, retailers and interested parties understand the development and application of our network tariffs and connection charges. The following documents can be found on our website, and explain our services and pricing in more detail:

- Distribution Annual Pricing Proposal
- Network Tariff Application and Price Guide
- Metering Services Application and Price Guide
- Public Lighting Application and Price Guide
- Ancillary Services – Fee-based Services Application and Price Guide
- Ancillary Services – Quoted Services Application and Price Guide

These documents, along with our Annual Pricing Proposal, are available on the TasNetworks web site at:

https://www.tasnetworks.com.au/poles-and-wires/pricing/our-prices

Customers and retailers who have questions about our services or prices are encouraged to contact TasNetworks at:

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