

TasNetworks Statement of Compliance 2023-24

As submitted to the Australian Energy Regulator

Date: March 2023



1 Statement of Compliance

Distributors are required to complete a compliance checklist to support the assessment of TasNetworks' annual pricing proposal. To the extent there are inconsistencies 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 the AER's assessment. Distributors should respond with true, false, or not applicable in the third column. For the page/section column, distributors may refer to the relevant section in the approved tariff structure statement.

As per AER requirements, this statement of compliance is accompanied by assurance provided by a TasNetworks Executive.

I, Michael Ash (Executive Stakeholder), confirm that the below statements are true and correct.



[signature]

3.04.2023
[date]

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2 Compliance checklist for the 2023-2024 annual pricing proposal

Table 1 demonstrates compliance of TasNetworks' 2023-24 annual pricing proposal with the relevant clauses of the National Electricity Rules (NER)

Table 1 – Compliance Checklist 2023-24

Rule reference	Rule requirement and assessment statement	True, False or n/a	Proposal reference	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>	n/a	Section 6.5.6	Not applicable as no new tariffs are proposed during the 2023-24 regulatory year
	<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>			

Rule reference	Rule requirement and assessment statement	True, False or n/a	Proposal reference	Additional comments
6.18.2(b)	Pricing proposals A Pricing Proposal must:			
6.18.2(b)(2)	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; <i>All tariffs remain in the same tariff class as the approved tariff structure statement (TSS).</i>	True	Appendix B.3 Appendix B.4 Appendix B.5	
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; <i>All tariffs retain the same charging parameters as the approved TSS.</i>	True	Section 6.3 Appendix B.2	
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; <i>The expected weighted average revenue for each tariff class is provided for the current and forecast years.</i>	True	Section 6.4.3	
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; <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	Section 6.3 Section 6.4 Section 6.8 Section 7.6	
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; <i>The information provided for this rule requirement has not materially changed from the approved TSS and/or the previous pricing proposal.</i>	True	Section 6.6 TasNetworks 2023-24 Annual SCS pricing model	

Rule reference	Rule requirement and assessment statement	True, False or n/a	Proposal reference	Additional comments
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;	n/a		There are no jurisdictional schemes applicable to TasNetworks.
	<i>The information provided against this rule requirement has not materially changed from the approved TSS and/or the previous pricing proposal.</i>			
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;	n/a		There are no jurisdictional schemes applicable to TasNetworks.
	<i>Jurisdictional schemes are unchanged since the previous pricing proposal.</i>			
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;	True	Section 5.3.2	
	<i>The information provided for this rule requirement has not materially changed from the approved TSS and/or the previous pricing proposal.</i>			
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;	True	Section 6 Section 7	
	<i>The information provided for this rule requirement has not materially changed from the approved TSS and/or the previous pricing proposal.</i>			
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;	True	Section 6.4.6	
	<i>Tariff prices are not materially different to the corresponding indicative prices.</i>			
	<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>			

Rule reference	Rule requirement and assessment statement	True, False or n/a	Proposal reference	Additional comments
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.	True	Section 6 Appendix B.6 Appendix B.7 Appendix B.8	
	<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 subsequent pricing proposals) that should be brought to the attention of the AER.</i>			
6.18.2(d)	Indicative prices 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.	n/a	Appendix B.9	Not applicable as 2023-24 is the 5th year of the current 2019-24 regulatory control period.
	<i>Revised indicative prices for tariffs are included in the standardised compliance model.</i>			
6.18.2(e)	Indicative prices for sub-threshold tariffs 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.	n/a	Section 6.5.6	Not applicable as no new tariffs are proposed during the 2023-24 regulatory year
	<i>Revised indicative prices for sub-threshold tariffs are included in the standardised compliance model where applicable.</i>			
6.18.5	Pricing principles			
6.18.5(e)	For each tariff class, the revenue expected to be recovered must lie on or between:	True	Section 6.5.1	

Rule reference	Rule requirement and assessment statement	True, False or n/a	Proposal reference	Additional comments
	<p>(1) an upper bound representing the stand alone cost of serving the retail customers who belong to that class; and</p> <p>(2) a lower bound representing the avoidable cost of not serving those retail customers.</p> <p><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></p>			
6.18.5(g)(2)	<p>The revenue expected to be recovered from each tariff must:</p> <p>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</p> <p><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></p>	True	Section 6.1 Section 6.5.3	