Combined Proposal 2024-2029

Attachment 21
Tariff structure statement

Outline: For the 2024-2029 Regulatory Control Period this document outlines the tariff structures we will use to recover our allowable revenue for Standard Control Services from our customers; and the Alternative Control Services that TasNetworks will provide to our customers during the period.

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Note

This attachment forms part of TasNetworks' Combined Proposal for the 2024-2029 regulatory control period and should be read in conjunction with the other parts of the proposal. TasNetworks' Combined Proposal is made up of the documents and attachments listed below, as well as the supporting documents that are listed in Attachment 23.

Document	Description
	Combined Proposal overview
Attachment 1	Customer and stakeholder engagement summary
Attachment 2	Annual revenue requirement
Attachment 3	Regulatory asset base
Attachment 4	Rate of return
Attachment 5	Regulatory depreciation
Attachment 6	Capital expenditure
Attachment 7	Contingent projects
Attachment 8	Operating expenditure
Attachment 9	Corporate income tax
Attachment 10	Efficiency benefit sharing schemes
Attachment 11	Capital expenditure sharing schemes
Attachment 12	Service target performance incentive schemes
Attachment 13	Demand management incentives and allowance
Attachment 14	Customer service incentive scheme
Attachment 15	Classification of services
Attachment 16	Control mechanisms
Attachment 17	Pass through events
Attachment 18	Alternative control services
Attachment 19	Negotiated services framework and criteria
Attachment 20	Distribution connection pricing policy
Attachment 21	**Tariff structure statement**
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21 Tariff structure statement

OVERVIEW

21.1 Introduction

The purpose of this Tariff Structure Statement (**TSS**) is to explain to customers and stakeholders how TasNetworks' network tariffs have been developed to recover the revenue allowed by the Australian Energy Regulator (**AER**). This document is for the five-year regulatory control period 2024-2029, beginning 1 July 2024 and ending 30 June 2029. This document should be read together with Attachment 22, TasNetworks' Tariff Structure Explanatory Statement (**TSES**).[1]

21.1.1 Standard Control Services

Standard control services (**SCS**) refers to services that are relied on by most (if not all) customers and include the provision of complex connections to our distribution network. The revenue that TasNetworks generates from providing these services is capped by the AER for the five-year regulatory period.

The annual revenue is recovered through our general network charges (network tariffs), and enables the building, running and maintenance of the electricity distribution network. The amount of revenue that is recovered each financial year through our network tariffs is capped by the AER.

21.1.2 Alternative Control Services

Alternative control services (**ACS**) refers to those services that can be directly attributed to and/or are initiated by a particular customer. These services are subject to direct regulatory oversight where the AER caps the prices that can be charged or sets the input costs that can be used by TasNetworks to quote jobs. Services in this category include regulated metering services for small customers, network ancillary services and public lighting. Further information on our ACS can be found in Attachment 18, Ancillary Control Services.

1 The Tariff Structure Explanatory Statement is a more expansive document providing an explanation of our approach to setting and designing tariffs

Table 1. Structure of the TSS

Section		Purpose
Standard control services		
21.1	Introduction	Provides an introduction on the purpose of this document and outlines both Standard Control and Alternative Control Services.
21.2	Tariff classes and allocations	This section of our TSS describes the tariff classes in which retail customers for standard control services will be assigned for the 2024-2029 regulatory control period.
21.3	Approach to setting network tariffs	Explains how our tariffs comply with the pricing principles and the network pricing objective. This section also includes TasNetworks' approach to setting network tariffs for the 2024-2029 regulatory control period, including the stand-alone and avoidable costs, long run margin cost and side constraints. Additionally, customer impacts are addressed for residential and small business customers.
21.4	Network tariff structures, charging parameters and classes	Outlines the standard control services' tariff classes, network tariff structures and charging parameters used by TasNetworks.
21.5	Tariff assignment procedures and policies	Sets out the procedures and policies that TasNetworks applies when assigning customers to network tariffs and explains how network tariff choices for retailers/customers can be applied.
21.6	Export tariff transition strategy	Outlines the tariff transition strategy as it relates to pricing that TasNetworks seeks to undertake during 2024-2029.
Alternative control services		
21.7	Alternative control services	Outlines the tariff classes within the alternative control services suite, and the network tariff structures and charging parameters used by TasNetworks. Explains how we recover revenue from our customers and provides an overview of the pricing methodology for alternative control services.
Appendices		**Purpose**
A	Indicative prices for 2024-2029 for Standard Control Services	This section sets out indicative prices for SCS for the 2024-2029 regulatory control period.
B	Indicative prices for 2024-2029 for Alternative Control Services	This section sets out indicative prices for ACS for the 2024-2029 regulatory control period.

GLOSSARY

Term or Abbreviation	Description
ACS	Alternative control services
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AIC	Average incremental cost
Augmentation	Investment in new network assets to meet increased demand
Capacity	The amount of electrical power that a part of the network can carry
Capital contributed works	Works for which the customer(s) contribute towards the cost of supplying the services and/or assets. Typically resulting from the customers being the sole consumer of the services and/or asset
CBD	Central business district
Contestability	Customer choice of electricity or related service supplier
Controlled load	The DNSP controls the hours in which the supply of electricity is made available
Cost reflective pricing	Pricing which is indicative of the true cost of supplying or providing a service
DAPR	Distribution Annual Planning Report
Demand	Electricity consumption at a point in time
Demand Management	The ability for DNSPs to constrain customers demand at critical times and attempt to modify customer behaviour
CER (previously referred to as DER)	Customer energy resources, e.g., solar PVs, batteries, electric vehicles
Distribution network	The assets and services that carry the electricity conveyed from generators by the high voltage transmission system and deliver it to individual consumers at the lower voltages to operate lighting, heating, appliances, and industrial equipment.
DNSP	Distribution network service provider e.g., TasNetworks
DPPC	Designated Pricing Proposal Costs, also referred to a transmission use of service (**TUOS**)
DUoS	Distribution Use of System. The utilisation of the distribution network in the provision of electricity to distribution customers.
ESOO	Electricity Statement of Opportunities – prepared by AEMO
EV	Electric vehicle
FiT	Feed-in-tariff
GWh	Gigawatt hour
HV	High voltage
ITC	Individual Tariff Calculation. Refers to a network tariff class for a small number of large commercial and industrial customers whose circumstances are such that assignment to an averaged network tariff would not be cost reflective, giving rise to the application of individually calculated network tariffs
kV, kVA	Kilovolt, Kilovolt ampere
kW, kWh	Kilowatt, Kilowatt hour
LRMC	Long run marginal cost. The additional cost of providing one increment in service over the long run
LV	Low voltage
NEM	National Electricity Market
Network tariff	Network price components and conditions of supply for a tariff class
Network tariff class	A class of retail customers for one or more direct control services who are subject to a particular tariff or class of tariffs with similar electricity demand and usage
NER, or the Rules	National Electricity Rules

Term or Abbreviation	Description
NMI	National Meter Identifier This is the unique identifier for every connection between the customer and the distribution network
NMI	National Metering Identifier
NUoS	Network Use of System. Reflects the combination of DUoS and TUoS as the utilisation of the total electricity network in the provision of electricity to consumers
MVA	Megavolt-ampere
MW, MWh	Megawatt, Megawatt hour
PV	Photo Voltaic. Solar PV panels
Price signal	Information conveyed to end users of electricity via the prices charged for a network service, which provides a signal about the true cost of providing a service and/or the value to the customer of that service, which influences their decisions about the use of the service
PRWG	TasNetworks' Policy and Regulatory Working Group
Retailer	A business that buys electricity from generators, packages it with the network services (for transportation of the electricity) and sells it to consumers/end users
SCS	Standard control service
TEC	Total efficient cost
ToU	Time of use
Transmission network	The assets and services that enable large generators, e.g., windfarms, hydro-electric power stations, to transmit the high voltage electrical energy they produce to population centres and major industrial users of electricity
TSES	Tariff structure explanatory statement
TSS	Tariff structure statement
TUoS	Transmission Use of System. Charges for the utilisation of the transmission network, also referred to a Designated Pricing Proposal Costs (**DPPC**)
Unmetered supply	A connection to the distribution system which is not equipped with a meter and for which the consumption of electricity is estimated, e.g., public lights, traffic lights, phone boxes are not normally metered
VPP	Virtual power plant

STANDARD CONTROL SERVICES

21.2 Tariff classes and allocations

This section will demonstrate compliance with the following sections of the NER:		Section ref
6.18.1A(a)	A *tariff structure statement* of a *Distribution Network Service Provider* must include the following elements: (1) the *tariff classes* into which *retail customers* for *direct control services* will be divided for the relevant *regulatory control period*.	21.2

For the 2024-2029 regulatory control period, TasNetworks proposes to streamline its tariff classes to address the rule requirements and pricing principles in a more efficient manner.

Table 2 summarises and compares the proposed tariff class structures against the tariff class structures used in the 2019-2024 regulatory control period. Clauses 6.18.3[2] and 6.18.4[3] of the NER provided the guiding principles for proposing the new tariff class structure (refer to section 21.4.2).

Table 2. Tariff class structure

2024-2029 regulatory control period Proposed tariff classes	2019-2024 regulatory control period Tariff classes
Low voltage residential	Residential low voltage Uncontrolled energy Controlled energy
Low voltage small business	Small business low voltage
Irrigation	Irrigation
Low voltage large business	Large business low voltage
High voltage large business	Large business high voltage Individual tariff calculation
Unmetered supplies	Unmetered supply Street lighting

The following assessment and review of the existing tariff classes have been undertaken to determine the appropriateness of refining our tariff classes.

2 Refer to section 21.4 of this TSS for compliance with Clause 6.18.3 of the NER

3 Refer to section 21.5 of this TSS for compliance with Clause 6.18.4 of the NER

Integration of the controlled and uncontrolled load tariff classes into the residential tariff class

The controlled low voltage tariff with afternoon boost (TAS61) is used by the majority of controlled load customers and has already been made obsolete. It is TasNetworks' intention to make the uncontrolled low voltage heating tariff (TAS41) obsolete for the next regulatory period.

The load profiles of the controlled and uncontrolled load customer groups closely resemble the profile of residential customers with a distinct morning and afternoon/evening peak.[4] Additionally, including the controlled and uncontrolled load tariffs in the residential tariff class better aligns with TasNetworks' modelling framework, Total Efficient Cost (**TEC**) allocations and cross-subsidies.

As we continue our transition towards cost reflectivity, the uncontrolled tariff will not be able to be used in conjunction with our cost-reflective tariffs however, our controlled night-time tariff (TAS63) is able to be used with our cost reflective tariffs.

Inclusion of the individual tariff calculation in the high voltage tariff class

There are currently 10 customers that are assigned to the Individual Tariff Calculation (ITC) tariff class. It is TasNetworks' strategy to align these customers' tariffs with the business high voltage kVA specified demand (>2 MVA) (TAS15) over time and to not offer new ITC arrangements where connection arrangements are consistent with other tariff class arrangements.

Current ITC customers were assigned to the ITC tariff based on their original connection arrangements, however they are mostly large industrials whose load characteristics closely resemble other high voltage business customers connected to the business HV kVA specified demand tariff (TASSDM) and the business high voltage kVA specified demand (>2 MVA) (TAS15) tariff.[5]

Combining the unmetered and street lighting tariff classes into unmetered supplies

Both the unmetered and the unmetered street lighting tariff classes currently comprise a single tariff each. Their unmetered connections are similar in nature and connected installations on both tariffs have relatively constant load profiles.[6]

4 NER Clauses 6.18.4(a)(1)(i),6.18.4(a)(2)

5 NER Clauses 6.18.4(a)(1)(i),6.18.4(a)(2)

6 NER Clauses 6.18.4(a)(1)(i),6.18.4(a)(2)

21.3 Approach to setting tariffs

This section will demonstrate TasNetworks' compliance with the following sections of the NER:		Section reference
6.18.1A(a)	A *tariff structure statement* of a *Distribution Network Service Provider* must include the following elements: (5) a description of the approach that the *Distribution Network Service Provider* will take in setting each tariff in each pricing proposal of the *Distribution Network Service Provider* during the relevant *regulatory* control period in accordance with clause 6.18.5.	21.3.1
6.18.1A(b)	A *tariff structure statement* must comply with the *pricing principles for direct control services*.	21.3.2
6.18.5(a)	The *network pricing objective* is that the tariff that *TasNetworks* charges in respect to its *direct control services* to a *retail customer* should reflect *TasNetworks'* efficient costs of providing the services to the retail customer.	21.3.2
6.18.5(b)	Subject to paragraph (c), a *Distribution Network Service Provider's* tariffs must comply with the pricing principles set out in paragraphs (e) to (j):	21.3.3 to 21.3.8
6.18.5(e)	For each *tariff class*, the revenue expected to be recovered must lie on or between: (1) an upper bound representing the stand along cost of serving the retail customers who belong to that class (2) a lower bound representing the avoidable cost of not serving those retail customers.	21.3.3
6.18.5(f)	Each tariff must be based on the *long run marginal* cost of providing the service to the *retail customers* assigned to that tariff.	21.3.4
6.18.5(g)	The revenue expected to be recovered from each tariff must: (1) reflect *Distribution Network Service Provider's* total efficient costs of serving the retail customers assigned to that tariff (2) when summed, 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 with the applicable distribution determination for the *Distribution Network Service Provider* (3) comply with sub-paragraphs (1) and (2) in a way that minimises distortions to the price signals for efficient usage of the relevant service that would result from tariffs that comply with the pricing principle set out in paragraph (f).	21.3.5
6.18.5(h)	A *Distribution Network Service Provider* must consider the impact on *retail customers* of changes in tariffs from the previous *regulatory year* and may vary tariffs from those that comply with paragraphs (e) to (g) to the extent the *Distribution Network Service Provider* considers reasonably necessary having regard to: (1) the desirability for tariffs to comply with the pricing principles referred to in paragraphs (f) and (g), albeit after a reasonable period of transition (which may extend over more than one *regulatory control period*) (2) the extent to which *retail customers* can choose the tariff to which they are assigned (3) the extent to which *retail customers* are able to mitigate the impact of changes in tariffs through their decisions about usage of services.	21.3.7

This section will demonstrate TasNetworks' compliance with the following sections of the NER:		Section reference
6.18.5(i)	The structure of each tariff must be reasonably capable of: (1) being understood by *retail customers* that are or may be assigned to that tariff or (2) being directly or indirectly incorporated by *retailers* or *Market Small Generation Aggregators*. having regard to information available to the *Distribution Network Service Provider*, which may include: (3) the type and nature of those *retail customers* (4) the information provided to, and the consultation undertaken with, those *retail customers* (5) the information provided by, and consultation undertaken with, *retailers* and *Market Small Generation Aggregators*.	21.3.8
6.18.6	The side constraint on tariffs related to the provision of standard control services must not exceed the permissible percentage.	21.3.6
11.141.13(a)(1)	For each proposed export tariff, the basic export level or the manner in which the basic export level will be determined.	Not applicable[7]

21.3.1 Approach to setting network tariffs[8]

When setting tariffs, TasNetworks must comply with the pricing principles for direct control services set out in the National Electricity Rules (**NER**). The network pricing objective[9] requires that our network tariff charges should reflect our efficient costs[10] of providing these services to our customers.

To ensure we minimise price shocks for retail customers, TasNetworks is, over time, working towards recovering the efficient costs for customers on each of our tariffs – this involves removing existing cross-subsidies within the tariff suite in a manner that is sustainable, equitable, and fair to all customers.

Certain price relativities have been established between network tariffs within a tariff class. These relativities ensure that price changes over the 2024-2029 regulatory control period maintain the key pricing principles established with TasNetworks – fair, consistent and affordable (Table 3).

7 TasNetworks is not proposing export tariffs for the 2024-2029 regulatory control period.

8 NER, Clause 6.18.1A(a)(5)

9 NER, Clause 6.18.5(a)

10 NER, Clause 6.18.5(g)

Table 3. Tariff Component Ratios for time of use tariffs as a percentage of peak

	Shoulder	Off-peak	Super off-peak
Low voltage residential time of use consumption (TAS93)	-	21.0%[11]	
Low voltage residential time of use demand (TAS87)	-	33.3%	-
Low voltage residential time of use consumer energy resources (CER) (TAS97)	-	15.0%	0.5%
Low voltage small business time of use consumption (TAS94)	60.0%	15.0%	-
Low voltage small business time of use demand (TAS88)	-	33.3%	-
Low voltage small business time of use demand consumer energy resources (CER) (TAS98)	-	33.3%	-
Low voltage irrigation time of use consumption (TAS75)	60.0%	15.0%	-
Low voltage large business time of use demand (TAS89)	-	33.3%	
High voltage kVA specified demand (>2 MVA) (TAS15)	60.0%	15.0%	-
High voltage kVA specified demand (<2 MVA) (TASSDM)	60.0%	15.0%	-

In addition, energy charges on certain tariffs are aligned against other tariffs:

- The uncontrolled low voltage heating and hot water (TAS41) network tariff still provides discounted network charges for hard-wired space heating and hot water. TasNetworks started rebalancing this network tariff against the low voltage (**LV**) residential general light and power (TAS31) network tariff in 2017-18 in recognition of the demands that heating loads place on the network. TasNetworks continues to rebalance TAS41 for each year of the 2024-2029 regulatory control period, where at the end of the period TAS41 is forecast to be fully rebalanced against TAS31.
- The small business time of use demand distributed energy resources (**DER**) (TAS98) is aligned to the non-DER small business time of use demand tariffs (TAS88).

21.3.2 Compliance with the pricing principles and the network pricing objective[12]

The growing number of residential and small business customers with advanced meters, and the resulting increase in the availability of interval-based metering data, has provided TasNetworks with an opportunity to review and update its pricing models for the 2024-2029 regulatory control period. Our key objectives in revising our models was to:

- better capture where costs occur on our network
- increase our ability to fulfil TasNetworks' obligations in relation to network tariff reform
- respond to changes in energy use driven by the take-up of innovative technologies by customers.

Clause 6.18.1A(b) of the NER specifies that TasNetworks' TSS must comply with the pricing principles for direct control services. The objective of network pricing is that the charges applying to each retail customer should reflect TasNetworks' efficient cost of providing direct control services to that customer.[13]

Sections 21.3.3 to 21.3.8 of this TSS demonstrate how TasNetworks' network tariffs for the 2024-2029 regulatory control period comply with the network pricing principles and objectives in the NER.

11 The annual alignment for the LV residential time of use consumption tariff (TAS93) increases by 0.5% each year for the 2024-2029 regulatory control, resulting in the annual alignment to peak of 23.0% by 2028-2029

12 NER, Clause 6.18.1A(b), 6.18.5(a)

13 NER, Clause 6.18.5(a)

21.3.3 Stand-alone and avoidable costs[14]

Clause 6.18.5(e) requires TasNetworks' to recover revenue for each tariff class on or between the stand-alone and avoidable costs of serving retail customers within each tariff class. Therefore, the stand-alone and avoidable costs for a tariff class must be set between the costs necessary to supply only that tariff class (i.e., a standalone price) and the costs that could be avoided if that tariff class were not supplied at all (i.e., avoidable cost).

Setting revenue bounds based on this principle ensures economically efficient pricing. That is, it would be inefficient for networks to supply customers if they were charged less than the avoidable costs, and it would be economically beneficial for retail customer to bypass existing infrastructure to switch to other, less efficient supply options if they were charged above the stand-alone cost.

Table 4 shows that TasNetworks' stand-alone and avoidable costs comply with the requirements of clause 6.18.5(e) of the NER.

Table 4. Compliance of TasNetworks stand-alone and avoidable cost calculations

Tariff Class	Avoidable (lower bound) ($000s)	Revenue (lies between upper and lower bound) ($000s)	Stand-alone (upper bound) ($000s)	Compliance check
Residential	$48,458	$193,174	$281,294	OK
Small business (LV)	$11,706	$70,290	$241,094	OK
Irrigation	$4,469	$9,036	$139,616	OK
Large business (LV)	$1,297	$18,618	$129,478	OK
Large business (HV)	$435	$11,845	$86,154	OK
Unmetered supply	$11	$2,321	$155,790	OK

21.3.4 Long run marginal cost[15]

The application of the economic concept of long run marginal cost (**LRMC**) to network pricing is intended to ensure allocative efficiency: that is, customers consuming electricity up to the point where the marginal benefit to them of consuming an additional unit of energy (kWh, kW or kVA) equals the marginal cost of providing that extra unit of energy. When the price deviates from the marginal cost of supply, from an efficiency perspective the customer will consume either too much of the service, or not enough of the service. As such, the LRMC is a forward-looking concept in which changes in forecast expenditure are measured in response to changes in forecast demand.

The purpose of LRMC is to encourage optimal use of the existing network infrastructure, while providing a signal to the user of the cost of adding an additional unit of the service being provided. This ultimately ensures that customers obtain the maximum benefit from the network that has already been constructed.

Setting our network tariffs based on the LRMC provides customers with a cost reflective price signal that encourages efficient electricity use and reduces inefficient augmentation of the electricity network.

21.3.4.1 Inputs into the long run marginal cost

The development of LRMC is informed by the following:

- TasNetworks' ten-year program of work PoW forecasts, which includes projects that are related to:
  - augmentation of the network
  - the proportion of replacement expenditure[16] (repex) where it is established that proportion relates to increased demand on the network.
- ten-year demand forecasts at the distribution connection point level.

14 NER, Clause 6.18.5(e)

15 NER, Clause 6.18.5(f)

16 Refer to TasNetworks Distribution Pricing Methodology

21.3.4.2 Average incremental cost methodology

TasNetworks considered three different LRMC methodologies – the perturbation approach, the long run incremental cost (**LRIC**) approach, and the average incremental cost (**AIC**) methodology.

Consideration to the data and modelling requirements was given to all approaches and the average incremental cost methodology was selected using the following formula:

$$\text{LRMC} = \frac{\text{Present Value (new network capacity + marginal operating costs)}}{\text{Present Value (additional demand served)}}$$

Where:

- **New network capacity** is the forecast capital expenditure that has been categorised as being related to demand driven augmentation and replacements
- **Marginal operating costs** is the additional operating expenditure attributable to the incremental capital expenditure
- **Additional demand served** is the forecast incremental demand that can be served because of the above capital expenditure
- **The present value** has been determined for ten-year forecasts of incremental capital expenditure, operating expenditure and demand, using the regulated weighted average cost of capital as the discount rate.

21.3.4.3 Compliance with the Rules

In this TSS the calculations have been carried out at the high voltage and low voltage levels in the network. The LRMC of our distribution network is summarised in Table 5, consistent with the requirements under Clause 6.18.5(f) of the NER.

Table 5. Network level long run marginal cost

Network level	LRMC $/kVA per annum
High voltage	$56.09
Low voltage	$120.35

21.3.5 Total efficient costs[17]

TasNetworks has a revenue cap under which revenue is recovered, i.e., the maximum amount of revenue that can be recovered each year. Revenue is allocated across the tariff classes (and tariffs) according to the usage of retail customers of the distribution network levels (Table 6) involved. The total efficient cost model allocates our total annual revenue across our tariffs to reflect the cost of supplying the retail customers who are using each network tariff. This determines whether the costs generated from a customer's (or group of customers') use of the network is allocated efficiently.

Under the NER, the revenue that is expected to be recovered from each network tariff must reflect the total efficient costs of serving the retail customers assigned to that tariff and, when summed with the revenue expected from all tariffs, permit TasNetworks to recover the expected revenue for the services.

Table 6 shows the distribution network levels and their expenditure drivers relative to the nature of the different types of customer connections. A description of each distribution network level, and its respective drivers, follows:

- All customers use **sub-transmission lines** and **zone substations** and are, therefore, beneficiaries of these assets. Costs for these assets are typically driven by the demand requirements of the network and are, therefore, allocated on the basis of anytime maximum demand (**ATMD**)
- **High voltage lines** are also used by all customers. The cost of these assets is allocated to our tariff classes using a 70/30 split between ATMD and consumption (**kWh**)
- **Distribution transformers** and **low voltage lines** are used by customers on the low voltage distribution network only. Expenditure on these parts of the network is driven by a range of factors, including the number of customer connections and the uptake of consumer energy resources (**CER**), such as solar PV
- **Services** and **corporate costs** are used by all customers, and these costs are allocated to tariff classes based on the number of customer connections.

17 NER, Clause 6.18.5(g)

Table 6. Distribution network levels

Distribution network levels	Tariff class					
	Residential	Small business (LV)	Irrigation	Large business (LV)	Unmetered supply	Large business (HV)
Sub-transmission lines	100% ATMD					
Zone substations	100% ATMD					
High voltage lines	70% ATMD, 30% consumption					
Distribution transformers	5% NMI, 5% solar NMI, 5% embedded generation, 45% ATMD, 40% consumption					
Low voltage lines	15% NMI, 5% solar NMI, 5% embedded generation, 25% ATMD, 50% consumption					
Services, GSLs	100% NMI					
Corporate	100% NMI					

21.3.5.1 Residual costs

Distortions in energy price signals need to be minimised for efficient use of the service that result from tariffs being compliant with the LRMC[18]. Distribution use of service (**DUoS**) residual costs are allocated to network tariffs on the basis of the previous year's allocation and the current year's consumption volumes. This ensures the level of DUoS revenue expected to be recovered from each network tariff (and across all network tariffs) complies with Clauses 6.18.5(g)(1) and 6.18.5(h) of the NER.

21.3.6 Side constraints[19]

Under clause 6.18.6 of the NER, the annual movement for the recovery of revenue is limited due to side constraints. The side constraint applies only to the tariff class, not individual network tariffs or tariff elements.

For each regulatory year after the first year of a regulatory control period, the side constraint applies to the weighted average revenue raised from each tariff class, and in accordance with the NER[20], the permissible percentage increase is the greater of CPI-X plus 2 per cent ((1+CPI)(1-X)(1+2%)) or CPI plus 2 per cent ((1+CPI(1+2%)).

21.3.7 Customer impact[21]

In structuring our network charges, we have considered the impact on our customers throughout with the objective of sustainable pricing for our customers while maintaining a safe and reliable network, considering the pricing principles and objectives of the NER (as demonstrated above in sections 21.3.1 to 21.3.6) and TasNetworks' pricing principles of affordability, consistency, fairness, simplicity, innovation and providing customers with choice.

Managing customers' bill impact has been a significant aspect of TasNetworks' considerations as we transition to more cost reflectivity, recognising the future transformation of the network and our customers' use of the network.

A comprehensive analysis of customer impacts resulting from this proposal have been included throughout our TSES with specific analysis in sections 22.8 to 22.11. This section provides a summary of our analysis from the TSES.

18 NER, Clause 6.18.5(g)(3)

19 NER, Clause 6.18.6

20 NER, Clause 6.18.6(c)

21 NER, Clause 6.18.5(h)

Considerations of customer impact have included:

- Customers' future use of the network and network transformation
- Redesigning our residential CER tariff to make it more attractive to customers
- Updating our time of use windows for our small business customers
- Ensuring there is customer choice for our tariff classes, allowing customers to opt-out of the default tariff into a more suitable tariff.

Ensuring customer specific tariffs remain available to large, bespoke customers.

Measuring customer impact and ensuring allocative efficiency.

All aspects of our proposed tariff strategy have been discussed with our Policy and Regulatory Working Group (**PRWG**), ensuring different perspectives have been considered in the development of our tariffs. In addition, TasNetworks engaged directly with our customers through the DER Customer Survey to better understand our customers intent in investing in new technologies and the potential impact this investment will have on the network.

TasNetworks has analysed the effect of our proposed residential time of use consumption CER (TAS97) network tariff against our existing tariffs and how change customer behaviour could impact on customers' network charges. In addition, the proposed changes to our small business time of use consumption network tariff (TAS94) have been assessed against different types of businesses, e.g., hospitality, education, shops etc, to ensure that particular business types were not adversely affected by changing the time of use windows and the resultant rebalancing of the tariff.

Our TSES provides in depth analysis and explanations of customer impact analysis resulting from our network tariff proposal for the 2024-2029 regulatory control period. We contend our proposal strikes the right balance between improving price signals for customers, providing customer's network tariff choice, and fostering innovation, while ensuring efficient use of the network and taking into consideration the bill impact for our customers.

TasNetworks will continue to closely monitor how effective its tariffs are throughout the 2024-2029 regulatory control period, and in particular through the annual pricing process. It is important for tariffs to be cost-reflective and recover the appropriate level of revenue. This may be challenging to balance with the emergence of CER technologies over future regulatory control periods.

21.3.7.1 Residential customer behaviour analysis

TasNetworks undertook detailed scenario analysis to reflect changing customer behaviour resulting from customer investment in CER technology using the indicative 2024-25 prices (refer section 22.10.3 of the TSES).

The detailed analysis within the TSES demonstrates that household customers have significant potential to reduce network bills through technology. Technology can be used to effectively manage how electricity is consumed from the network, without requiring people to change how they live their day-to-day lives. In particular, a combination of household batteries and PV with time of use tariffs (especially the proposed CER tariff) can work hand-in-hand to reduce annual network costs. This analysis demonstrated that customers with solar PV and batteries (with network demand consumption of ~6,000 kWh) could save up to $218 per year (26 per cent) compared to a customer on a flat tariff and base consumption of ~7,600 kWh (the total household consumption would be the same for this example however, the consumption from the network is lower because of generation from the solar PV).

Even without an optimal customer response in terms of utilisation of the available technology (as indicated above), solar PV and batteries could reduce annual charges by $137 (16 per cent) compared to the base scenario.

TasNetworks' proposed CER tariff offers considerable opportunities for customers with PV and storage – and not just those that own an EV. TasNetworks expects that this tariff will be highly beneficial for many customers that have or are planning to invest in technology.

Importantly, TasNetworks' proposed time of use tariffs are generally well suited to customers experiencing vulnerability, as demonstrated in the TSES, and are not expected to further contribute to the challenges being faces by such customers. However, it is acknowledged that it may be more challenging for such customers to fully achieve cost savings because of the barrier to investing in technology that may be more accessible to other customer groups.

21.3.7.2 Small business time of use consumption network tariff rebalancing

TasNetworks has undertaken a more detailed analysis of the impact of rebalancing the small business time of use consumption (TAS94) network tariff using the indicative 2024-25 prices. As discussed in section 22.7.3 of the TSES, TasNetworks is proposing a change to the small business time of use consumption (TAS94) network tariff resulting from reviewing the time of use windows.

The analysis in the TSES shows that the proposed changes will benefit those customers using large proportions of their energy during the former peak windows, by shifting these former peak periods to shoulder and off-peak periods. The average bill impact is projected to reduce by $107 (2.7 per cent) for shops and reduce by up to $231 (3.7 per cent) for hospitality businesses. These changes are expected to benefit all main small industry types on average, as presented in section 22.11 of the TSES.

21.3.8 Network tariff components[22]

Network tariffs can be structured using a combination of different components. The components used by TasNetworks are outlined in Table 7 for each network tariff available to customers in the 2024-2029 regulatory control period.

Table 7. Network Tariff structures and their components[23]

Network tariff type	Status	Components	Unit
TAS93 – Low voltage residential time of use consumption	Default	Fixed (service charge)	c/day
		Peak consumption	c/kWh
		Off-peak consumption	c/kWh
TAS87 – Low voltage residential time of use demand	Opt-in	Fixed (service charge)	c/day
		Peak demand	c/kW/day
		Off-peak demand	c/kW/day
TAS97 – Low voltage residential time of use consumer energy resources (CER)	Opt-in	Fixed (service charge)	c/day
		Peak consumption	c/ kWh
		Off-peak consumption	c/ kWh
		Super off-peak consumption	c/ kWh
		Excess Demand	c/kW[24]
TAS31- Low voltage residential general light and power	Obsolete	Fixed (service charge)	c/day
		Anytime consumption	c/kWh
TAS41 – Low voltage uncontrolled energy heating and hot water	Obsolete	Fixed (service charge)	c/day
		Anytime consumption	c/kWh
TAS63 – Low voltage controlled energy off-peak [night only]	Opt-in secondary tariff	Fixed (service charge)	c/day
		Anytime consumption[25]	c/kWh
TAS61 – Low voltage controlled energy off-peak with afternoon boost	Obsolete	Fixed (service charge)	c/day
		Anytime consumption[26]	c/kWh
TAS94 – Low voltage small business time of use consumption	Default	Fixed (service charge)	c/day
		Peak consumption	c/kWh
		Shoulder consumption	c/kWh
		Off-peak consumption	c/kWh

22 NER, Clause 6.18.5(i)

23 This table does not include the network tariffs that are proposed to be abolished (TAS92 – low voltage residential PAYG time of use and TAS101 – low voltage residential PAYG)

24 This tariff component captures daily anytime maximum demands (ATMD) exceeding the 8.5kW demand threshold

25 Energy will only be available between 22:00 and 07:00

26 Energy will be available for a least nine hours between 20:00 and 07:00, and a further two hours between 13:00 and 16:30

Network tariff type	Status	Components	Unit
TAS88 – Low voltage small business time of use demand	Opt-in	Fixed (service charge)	c/day
		Peak demand	c/kW/day
		Off-peak demand	c/kW/day
TAS98 – Low voltage small business time of use demand consumer energy resources (CER)	Opt-in	Fixed (service charge)	c/day
		Peak demand	c/kW/day
		Off-peak demand	c/kW/day
TAS22 – Low voltage small business general light and power	Obsolete	Fixed (service charge)	c/day
		Anytime consumption	c/kWh
TAS75 – Low voltage irrigation time of use consumption[27]	Opt-in	Fixed (service charge)	c/day
		Peak consumption	c/kWh
		Shoulder consumption	c/kWh
		Off-peak consumption	c/kWh
TAS89 – Low voltage large business time of use demand	Opt-in	Fixed (service charge)	c/day
		Peak demand	c/kVA/day
		Off-peak demand	c/kVA/day
TAS82 – Low voltage large business kVA	Opt-in	Fixed (service charge)	c/day
		Anytime consumption	c/kWh
		Anytime maximum demand	c/kVA/day
TAS84T1, TAS84T2, TAS84T3, TAS84T4 – Low voltage embedded network (Tier 1 – Tier 4)	Default network tariff for embedded networks	Fixed (service charge)	c/day
		Anytime consumption	c/kWh
		Peak demand[28]	c/kVA/day
TAS15 – High voltage kVA specified demand (>2MVA) **and** **TASSDM – High voltage kVA specified demand (<2MVA)**	Opt-in	Fixed (service charge)	c/day
		Peak consumption	c/kWh
		Shoulder consumption	c/kWh
		Off-peak consumption	c/kWh
		Specified daily demand	c/kVA/day
		Excess daily demand[29]	c/kVA
		Specified daily demand connection charge (TAS15 only)	c/kVA/day
		Excess daily demand connection charge (TAS15 only)	c/kVA
TAS14T1, TAS14T2 – High voltage embedded network (Tier 1 – Tier 2)	Default network tariff for embedded networks	Fixed (service charge)	c/day
		Anytime consumption	c/kWh
		Peak demand[30]	c/kVA/day
TASUMS – Unmetered supply general		Fixed (service charge)	c/day
		Anytime consumption	c/kWh
TASUMSSL – Unmetered supply public lighting		Anytime demand	c/lamp watt/day

27 Seasonality applies to this network tariff

28 The demand component of this network tariff applies as an excess demand charge when demand exceeds 8.5kW at anytime

29 High voltage commercial kVA specified demand (<2MVA) network tariff (TASSDM) applies a 20 per cent allowable excess demand above the specified demand

30 The demand component of this network tariff applies as an excess demand charge when demand exceeds 8.5 kW at anytime

21.4 Tariff structures, charging parameters and classes

This section will demonstrate TasNetworks' compliance with the following sections of the NER:		Section reference
6.18.1A(a)	A *tariff structure statement* of a *Distribution Network Service Provider* must include the following elements: (3) the structures for each proposed tariff (4) the *charging parameters* for each proposed tariff	21.4.1
6.18.3(b)	Each *retail customer* for *direct control services* must be a member of 1 or more *tariff classes*.	21.4.2
6.18.3(c)	That separate *tariff classes* must be constituted for *retail customers* to whom standard control services are supplied.	21.4.2
6.18.3(d)	A *tariff class* must be constituted with regard to: (1) the need to group *retail customers* together on an economically efficient basis (2) the need to avoid unnecessary transaction costs	21.4.2

21.4.1 Tariff structures and charging parameters

Our network tariffs are based on target tariff parameters, forecast customer numbers, and consumption and demand forecasts related to each tariff. To determine the target network tariff parameters, we:

a) estimate the TEC for each tariff (section 21.3.5)

b) estimate the LRMC for each tariff (section 21.3.4)

c) calculate the required LRMC revenues for each network tariff (using the LRMC and consumption and demand forecasts)

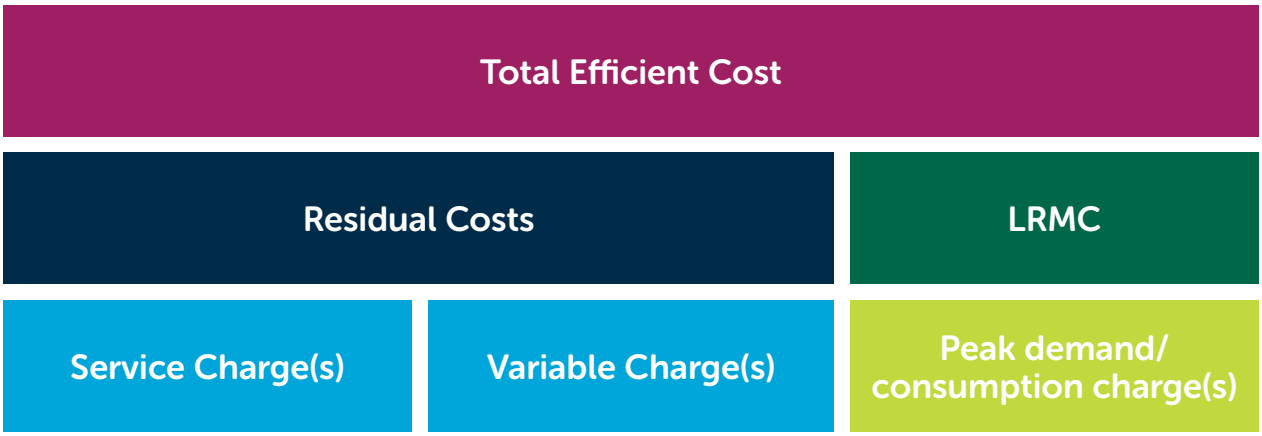
d) calculate the residual costs for each network tariff (which is the difference between the TEC and the LRMC revenues) and allocate these residual costs in a manner to reduce distortion to the LRMC price signals.

As noted in section 21.3.4, LRMC is an indicator of forward-looking costs and is used to calculate the peak demand and peak consumption component of each tariff. The residual costs – which represent the sunk costs on the network – are allocated between the service charge and the remaining variable charge(s) that make up each tariff, with the allocation being dependent on the characteristics of the tariff.

It is the overall aim of TasNetworks to offer network tariffs which are cost reflective while maintaining consistent, sustainable, and affordable prices for our customers. Therefore, to satisfy the NER requirements that our tariffs be based on the LRMC and TEC, and to ensure the pricing principles are observed, our transition towards cost reflectivity considers price impacts on customers.

Diagram 1 shows the relationship between the TEC, LRMC and residual costs for each network tariff.

Diagram 1. Relationship between our charging parameters



Our tariff structures described consist of some of the following charging parameters:

- Service / capacity charge – this is a daily charge providing access to the distribution network – it provides the ability for the retail customer to connect to the network
- Consumption/energy charge (c/kWh) – this is a volume charge in which retail customers are charged for the amount of energy they consume
- Demand charge (KVA) – this relates to the rate energy is used – it is directly linked to the maximum demand at a given point in time and is set to the long run marginal cost.

Table 8 to Table 13 shows the proposed tariff structures for the 2024-2029 regulatory control period.
The *Network Tariff Application Guide 2024-2029* document that accompanies this proposal outlines how tariffs are applied to retail customers in accordance with their parameters and structures.

For the purposes of these tables, Australian Eastern Standard Time[31] is applicable for all time periods, and weekday refers to Monday through to Friday and weekend day refers to Saturday and Sunday.

31 Australian Eastern Standard Time is used due to the cost of reprogramming meters each time daylight savings begins or ends

Table 8. Proposed tariff structures for low voltage residential network tariffs[32]

Network tariff	Network access	Charging parameters	Peak	Shoulder	Off-peak	Super off peak
TAS93 – Low voltage residential time of use consumption [default network tariff]	Daily service charge c/day	Time of use consumption charge c/kWh	Weekdays 07:00 to 10:00 and 16:00 to 21:00	✖	All other times	✖
TAS87 – Low voltage residential time of use demand	Daily service charge c/day	Time of use demand charge c/kW/day	Weekdays[33] 07:00 to 10:00 and 16:00 to 21:00	✖	All other times	✖
TAS97 – Low voltage residential time of use consumer energy resources (CER)	Daily service charge c/day	Time of use consumption charge c/kWh	Demand threshold applies when demand exceeds 8.5kW anytime Weekdays 07:00 to 10:00 and 16:00 to 22:00	✖	All other times	Weekdays and weekends Midnight to 04:00
TAS31 – Low voltage residential general light and power [obsolete]	Daily service charge c/day	Consumption charge c/kWh	Anytime			
TAS41 – Low voltage uncontrolled energy heating and hot water[34] [obsolete]	Daily service charge c/day	Consumption charge c/kWh	Anytime			
TAS63 – Low voltage controlled energy off-peak [night only][34]	Daily service charge c/day	Consumption charge c/kWh	✖	✖	Weekdays and weekends Energy will be available between 22:00 and 07:00	✖
TAS61 – Low voltage controlled energy off-peak with afternoon boost[34] [obsolete]	Daily service charge c/day	Consumption charge c/kWh	✖	✖	Weekdays and weekends Energy will be available between 20:00 and 07:00 and between 13:00 and 16:30	✖

32 This table does not include the network tariffs that are proposed to be abolished (TAS92 – low voltage residential Pay As You Go (**PAYG**) time of use and TAS101 – low voltage residential PAYG)

33 The maximum demand figure applying to peak and off-peak periods during the monthly billing cycle is an average of the four highest peaks in demand recorded for the customer over the course of the month during the relevant peak and off-peak periods which apply to TAS87.

34 These tariffs are companion tariffs to other tariffs in the tariff suite and may have additional restrictions for the availability of energy. To determine whether a companion tariff applies, refer to the Network Tariff Application Guide 2024-2029 document that accompanies this proposal

Table 9. Proposed tariff parameters for low voltage small business network tariffs

Network tariff	Network access	Charging parameters	Peak	Shoulder	Off-peak	Super off peak
TAS94 – Low voltage small business time of use consumption [default network tariff]	Daily service charge c/day	Consumption charge c/kWh	Weekdays 07:00 to 10:00 and 16:00 to 21:00	Weekdays 10:00 to 16:00	All other times	✖
TAS88 – Low voltage small business time of use demand	Daily service charge c/day	Demand charge c/kW/day	Weekdays[35] 07:00 to 10:00 and 16:00 to 21:00	✖	All other times	✖
TAS98 – Low voltage small business consumer energy resources (CER)	Daily service charge c/day	Demand charge c/kW/day	Weekdays[35] 07:00 to 10:00 and 16:00 to 21:00	✖	All other times	✖
TAS22 – Low voltage small business general light and power [obsolete]	Daily service charge c/day	Consumption charge c/kWh	Anytime			

Table 10. Proposed tariff parameters for irrigation network tariffs

Network tariff	Network access	Charging parameters	Peak	Shoulder	Off-peak	Super off peak
TAS75 – Low voltage irrigation time of use consumption	Daily service charge c/day	Consumption charge c/kWh	**Summer (1 Oct – 31 Mar)**			
			✖	Weekdays 07:00 to 22:00	All other times	✖
			Winter (1 Apr – 30 Sep)			
			Weekdays 07:00 to 22:00	Weekends 07:00 to 22:00	All other times	✖

35 The maximum demand figure applying to peak and off-peak periods during the monthly billing cycle is an average of the four highest peaks in demand recorded for the customer over the course of the month during the relevant peak and off-peak periods which apply to these network tariffs

Table 11. Proposed tariff parameters for low voltage large business network tariffs

Network tariff	Network access	Charging parameters	Peak	Shoulder	Off-peak	Super off peak
TAS89 – Low voltage large business time of use demand	Daily service charge c/day	Demand charge c/kVA/day	Weekdays 07:00 to 10:00 and 16:00 to 21:00	✖	All other times	✖
TAS82 – Low voltage large business kVA	Daily service charge c/day	Demand charge c/kVA/day and Consumption charge c/kWh	Consumption – Anytime Demand – Anytime			
TAS84T1 – TAS84T4 Low voltage embedded networks (Tier 1 – Tier 4) **[default network tariff for low voltage business embedded networks]**	Daily service charge[36] c/day	Consumption charge c/kWh and Demand charge c/kVA/day[37]	**Consumption – Anytime** Weekdays 07:00 to 10:00 and 16:00 to 21:00	✖	✖	✖

36 Based on connection capacity

37 The demand component of this network tariff applies as an excess demand charge when demand exceeds 8.5 kW at anytime

Table 12. Proposed tariff parameters for high voltage large business network tariffs

Network tariff	Network access	Charging parameters	Peak	Shoulder	Off-peak	Super off peak
TAS15 – High voltage kVA specified demand (>2 MVA)[38]	Daily service charge c/day	Consumption charge for peak, shoulder and off-peak c/kWh + Specified & Excess Demand charges[39] c/kVA/day	**Consumption Summer (1 Oct – 31 Mar)**			
			✖	Weekdays 07:00 to 22:00	All other times	✖
			Consumption Winter (1 Apr – 30 Sep)			
			Weekdays 07:00 to 22:00	Weekends 07:00 to 22:00	All other times	✖
TASSDM – High voltage kVA specified demand (<2 MVA)[38]	Daily service charge c/day	Consumption charge for peak, shoulder and off-peak c/kWh + Specified & Excess Demand charges[39] c/kVA/day	**Consumption Summer (1 Oct – 31 Mar)**			
			✖	Weekdays 07:00 to 22:00	All other times	✖
			Consumption Winter (1 Apr – 30 Sep)			
			Weekdays 07:00 to 22:00	Weekends 07:00 to 22:00	All other times	✖
TAS14T1 – TAS14T2 – High voltage embedded networks [default network tariff for high voltage business embedded networks]	Daily service charge[40] c/day	Consumption charge c/kWh and Demand charge c/kVA/day[41]	**Consumption – Anytime**			
			Weekdays 07:00 to 10:00 and 16:00 to 21:00	✖	✖	✖

ITC (**TASCUS**) network tariffs are included in the high voltage large business network tariff class and typically applies to customers with an electrical demand in excess of 2.0 MVA or where a customer's circumstances in a pricing zone identifies the average shared network charge to be meaningless or distorted. Individually calculated customer network charges are determined by modelling the connection point requirements as requested by the customer or their agents.

Most ITC prices are based on actual transmission use of system charges for the relevant transmission connection point (preserving the pricing signals within the transmission charges), plus charges associated with the actual shared distribution network utilised for the electricity supply, along with connection charges based on the actual connection assets employed. This provides the greatest cost reflectivity for this type of customer and is feasible since the number of such customers is relatively small.

Terms and conditions for these customers are contained within individually negotiated connection agreements.

38 No later than two months prior to the commencement of a financial year, customers on this network tariff are required to reach an agreement about the "Specified Demand" for their electrical installation. Excess demand charges will apply where demand exceeds the specified demand

39 Excess demand charges apply to any daily maximum demand exceeding the specified demand

40 Based on connection capacity

41 The demand component of this network tariff applies as an excess demand charge when demand exceeds 8.5kW at anytime

Table 13. Proposed tariff parameters for unmetered supplies

Network tariff	Network access	Charging parameters	Peak	Shoulder	Off-peak	Super off peak
TASUMS – Unmetered supply general	Daily service charge c/day	Consumption charge c/kWh			Anytime	
TASUMSSL – Unmetered supply public lighting	✖	Demand charge c/lamp watt/day			Anytime	

21.4.2 Tariff classes

Distribution revenue is allocated across the tariff classes according to usage of various groups of customers. All customers on standard control services have been assigned to the most applicable network tariff class which is determined based on a customer's current and future use of the network. This enables retail customers to be grouped together in an economically efficient basis and avoids unnecessary transaction costs.

The following outlines our proposed network tariff class structure as set out in section 21.2:

- Low voltage residential
- Low voltage small business
- Low voltage irrigation
- Low voltage large business
- High voltage large business
- Unmetered supplies.

The sections below outline the descriptions for customers who may be assigned to network tariffs within these tariff classes. TasNetworks' *Network Tariff Application Guide 2024-2029* provides further details on how our network tariffs are to be applied to customers.

21.4.2.1 Low voltage residential tariff class

Residential tariffs are for low voltage installations that are premises wholly or principally used as private residential dwellings.

21.4.2.2 Low voltage small business tariff class

Network tariffs within this class are for low voltage installations located on premises that are not used wholly or principally as private residential dwellings.

Small business customers are defined for those customers whose demand is equal to or less than 70kVA (i.e., less than or equal to 100 amps per phase).[42]

21.4.2.3 Low voltage irrigation tariff class

This low voltage network tariff class is for primary producers' business installations that are used solely for the irrigation of crops (including pasture) and classified as ANZSIC 01.

21.4.2.4 Low voltage large business tariff class

The network tariffs in this class are for low voltage multi-phase installations that are not used wholly or principally as private residential dwellings. There are no restrictions on the use of the supply (that is, the supply may be used for general power, heating, storage water heating etc.) on network tariffs in this class.

Large business customers are defined for those customers whose demand is greater than 70kVA (i.e., greater than 100 amps per phase).[44]

42 Existing tariff assignment will be grandfathered irrespective of the customer's current demand. However, if the customer chooses to change their connection or their tariff, the customer must select a tariff according to their demand

21.4.2.5 High voltage large business tariff class

Network tariffs in this class are for installations that take supply from the high voltage distribution network, with no assets owned by TasNetworks beyond the connection point. Customers must supply their own transformers and switchgear for installations within this network tariff class.

Metering of consumption (and demand) for an installation on this network tariff occurs at the high voltage connection point and requires a meter capable of recording interval data.

21.4.2.6 Unmetered supply tariff class

Network tariffs within this class are intended to be applied to small, low voltage, low demand installations with a relatively constant load profile.

These network tariffs are unmetered. For more information regarding the eligibility of an installation for this tariff and the calculation of network charges, see *TasNetworks' Service and Installation Rules*.

21.5 Tariff assignment procedures and policies

This section will demonstrate compliance with the following sections of the NER:		Section reference
6.18.1A(a)	A *tariff structure statement* of a *Distribution Network Service Provider* must include the following elements: (2) the policies and procedures the *Distribution Network Service Provider* will apply for assigning retail customers to tariffs or reassigning retail customer from one tariff to another.	21.5.2
6.18.4(a)	In formulating provisions of a distribution determination governing the assignment of *retail customers* to *tariff classes* or the re-assignment of retail customers from one *tariff class* to another, the *AER* must have regard to the following principles: (1) retail customers should be assigned to tariff classes on the basis of one or more of the following factors: (i). the nature and extent of their usage or intended usage of distribution services (ii). the nature of their connection to the network (iii). whether remotely-read interval metering or other similar metering technology has been installed at the retail customer's premises as a result of a regulatory obligation or requirement (2) *retail customer*s with a similar connection and *distribution service* usage profile should be treated on an equal basis (3) (4) a *Distribution Network Service Provider's* decision to assign a customer to a particular *tariff class*, or to re-assign a customer from one *tariff class* to another should be subject to an effective system of assessment and review.	21.5.3
6.18.4(b)	If the *charging parameters* for a particular tariff result in a basis of charge that varies according to the *distribution service* usage profile of the customer, a distribution determination must contain provisions for an effective system of assessment and review of the basis on which a customer is charged.	21.5.3
11.141.13(a)(2)	relates to the eligibility conditions that are applicable to proposed export tariffs.	Not applicable[43]

43 TasNetworks is not proposing export tariffs for the 2024-2029 regulatory control period

21.5.1 Proposed network tariff assignment policy

Clause 6.18.1A(a)(2) of the NER requires that a TSS include the policies and procedures that the distribution network service provider (**DNSP**) will apply to assigning or re-assigning retail customers from one network tariff to another. TasNetworks is proposing the following network tariff assignment provisions.

Our network tariff assignment policy, is that from 1 July 2024:

1) The time of use consumption network tariffs for residential customers (TAS93) and small business customers (TAS94) will be the default network tariff.

2) The following flat rate network tariffs will be made obsolete:[44]

   - TAS31 – residential general light and power
   - TAS22 – small business general light and power
   - TAS41 – uncontrolled energy heating and hot water.

3) **All existing residential and small business customers** who, as at 30 June 2024, were assigned to an obsolete network tariff may continue to be assigned to those tariffs from 1 July 2024, until such time as they either opt to change their network tariff(s) to which they are assigned, or have an advanced meter installed on their premises (refer to point 5 below).

4) Residential and small business customers who **move into established premises** will be assigned to the same network tariff(s) as the previous occupants of those premises. This provision extends to any obsolete network tariffs, meaning that if the previous occupants of a property were assigned to a now obsolete network tariff the new occupant will be assigned to the same network tariff(s) – unless:

   a. they opt to change the network tariff(s) to which they are assigned. Customers who choose to opt-out of obsolete network tariff(s) on or after 1 July 2024 will not be permitted to revert to these obsolete network tariff(s) in the future; or

   b. have their meter upgraded or replaced with an advanced meter at their premises (refer to point 5 below).

5) Residential or small business customers who, on 1 July 2024, were assigned to the obsolete network tariffs (TAS31, TAS41, TAS22, TAS61) that have their **meter upgraded or replaced with an advanced meter** ('trigger event') at their premises will be assigned to the default time of use consumption network tariff applicable to their tariff class (TAS93 or TAS94) 12 months following the date of the trigger event. The intent of the delay is to enable customers to collect their time of use metering data to inform the customer's choice about the retail and, by association, network tariffs they want to be supplied under in the future. Affected customers may choose to either:

   a. exercise their choice of network tariff before the 12-month delay period ends and elect to **opt-out** of the default network tariff. This means that the automatic reassignment to the default time of use consumption network tariff would not be processed, and customers would remain on their existing network tariff(s); or

   b. **nominate an alternative** network tariff(s) for which they are eligible in accordance with TasNetworks' tariff assignment policy; or

   c. **accept the reassignment** to the default time of use consumption network tariff applying to their tariff class (TAS93 or TAS94).

   At the conclusion of the 12-month data collection period, residential and small business customers who have not chosen to either opt-out, nominate an alternative network tariff, or accept the reassignment will be assigned to the default time of use consumption network tariff for which they are eligible. Once assigned to the default network tariff, residential and small business customers are no longer able to revert to any obsolete network tariffs to which they may have previously been assigned.

6) **All new residential and small business connections** on or after 1 July 2024 will be assigned to the default time of use consumption network tariff applicable to their tariff class (TAS93 or TAS94). The customer may opt-out by requesting assignment to another network tariff in their tariff class that is not obsolete. New customers will not have the option of being assigned to the obsolete network tariffs (TAS31, TAS41, TAS22, TAS61).

7) A residential or small business customer who voluntarily **opts into a time of use consumption network tariff** on or after 1 July 2024 will be unable to revert to any of the obsolete network tariffs (TAS31, TAS41, TAS22, TAS61).

8) A residential or small business customer who installs an **electric vehicle fast charger**[45] at their premises will be assigned to TasNetworks' default time of use consumption network tariff. The customer may choose to opt into another cost-reflective network tariff but will be unable to choose or remain on any of the flat-rate network tariffs noted in point 2 above.

44 TasNetworks' low voltage controlled energy off-peak with afternoon boost (TAS61) was made obsolete on 1 July 2019. The assignment policy from point 3 of section 21.5.1 onwards applies to TAS61, unless specifically stated otherwise. Should a customer wish to retain this network tariff following a trigger event (but prior to the conclusion of the 12-month opt-out period), customers would need to request that the retailer reprogram their meter accordingly

45 TasNetworks' recognises the lack of visibility of EV charger installations and this assignment rule will be dependent on customers self-declaring an EV fast charger installation. An EV fast charger refers to a dedicated EV charger i.e., the EV is not charged from a regular household electricity outlet.

In discussion with our stakeholders, we have concluded that this is the best approach to progress the transition to cost reflectivity while providing protection to customers who are experiencing vulnerability. Table 15 summarises the circumstances in which the 12-month opt-out period will be applied.

Table 14. Our proposed default tariff assignment policy for residential and small business customers

Trigger events	Retain current network tariff	Default network tariff	Cost-reflective network tariff	12-month opt-out period
Advanced meter installation		✔		✔
New connection		✔		
Opt into alternative network tariff			✔	
Customer relocation	✔†			
EV fast charger installation		✔	✔	

† Refers to the network tariff(s) applying to the property the customer moves into, rather than the network tariffs applying to the customer's previous abode or business premises.

21.5.1.1 12-month opt-out period

The assignment to the relevant default network tariff is delayed by 12 months from the 'trigger' date e.g., meter installation i.e., the network tariffs applying to the customer's installation before the installation of an advanced meter will continue to apply for another 12 months after the change, at which pint TasNetworks will then reassign the customer's installation to the relevant default network tariff (unless the customer has opted-out of the reassignment). This proposed 12-month opt-out period provides customers (who have had an advanced meter installed) the opportunity to collect data throughout the year and determine whether they can take advantage of the change in network tariff to better manage their electricity costs. It also provides those customers who may be in vulnerable situations the opportunity to understand and respond to changing price signals.

At the end of the 12-month delay period applying to each installation that had their meter exchanged for an advanced meter, TasNetworks will commence charging the customer's retailer for the customer's use of the default network tariff, unless TasNetworks has received advice that the customers has opted-out. It will be up to the retailer to determine whether they choose to pass those time of use network pricing signals onto the customer via their retail billing process.

Any customer moving into a property part way through a 12-month delay before reassignment to a default network tariff will only remain on the network tariffs currently assigned to that installation for the balance of the 12-month delay period, unless they choose to opt-out of the default network tariff or opt-in to another network tariff(s) before the tariff reassignment is to take place.

Table 16 summarises our proposed network tariff assignment policy, where from 1 July 2024 all customers will remain on their existing tariffs. However, from 1 July 2024 new connections, and meter upgrades and replacements for residential and small business customers will result in the customer being assigned, by default, to the relevant time of use consumption tariff. However, these customers may choose to connect to any of the alternative tariffs upon request.

Table 15. Summary of our proposed tariff assignment and reassignment to primary network tariffs

Customers' network tariff on 1 July 2024	Assignment trigger	Network tariff choice options (upon request)
Residential customers		
TAS93 – Low voltage residential time of use consumption	Existing customers remain New connections Meter upgrades Meter replacements EV charger installation Customer choice	TAS87 – Low voltage residential time of use demand; or TAS97 – Low voltage residential time of use consumer energy resources (CER)
TAS87 – Low voltage residential time of use demand	Existing customers remain Customer choice	TAS93 – Low voltage residential time of use consumption; or TAS97 – Low voltage residential time of use consumer energy resources (CER)
TAS97 – Low voltage residential time of use consumer energy resources (CER)	Existing customers remain Customer choice	TAS93 – Low voltage residential time of use consumption; or TAS87 – Low voltage residential time of use demand
TAS31 – Low voltage residential general light and power [obsolete]	*Existing customers remain*	*TAS93 – Low voltage residential time of use consumption; or* *TAS87 – Low voltage residential time of use demand; or* *TAS97 – Low voltage residential time of use consumer energy resources (CER)*
Small business customers		
TAS94 – Low voltage small business time of use consumption	Existing customers remain New connections Meter upgrades Meter replacements EV charger installation Customer request	TAS88 – Low voltage small business time of use demand; or TAS98 – Low voltage small business time of use demand consumer energy resources (CER)
TAS88 – Low voltage small business time of use demand	Existing customers remain	TAS94 – Low voltage small business time of use consumption; or TAS98 – Low voltage small business time of use demand consumer energy resources (CER)
TAS98 – Low voltage small business time of use demand consumer energy resources (CER)	Existing customers remain	TAS94 – Low voltage small business time of use consumption; or TAS88 – Low voltage small business time of use demand
TAS22 – Low voltage small business general light and power [obsolete]	*Existing customers remain*	*TAS94 – Low voltage small business time of use consumption; or* *TAS88 – Low voltage small business time of use demand; or* *TAS98 – Low voltage small business time of use demand consumer energy resources (CER)*

Customers whose 'trigger event' occurred up to and including 30 June 2024 will have the 2019-2024 default network tariff assignment policy applied to them,[46] i.e., there will be a 12-month data collection period to allow customers to assess the impact of the network tariff change.

21.5.2 Tariff class assignment policies and procedures

Clause 6.18.4(a) of the NER requires that a TSS include the provisions governing the assignment or reassignment of retail customers to tariffs classes.

Assignment of existing retail customers to tariff classes at the commencement of the 2024-2029 regulatory control period

1. TasNetworks' retail customers will be assigned to the network tariff class to which they were assigned immediately prior to 1 July 2024 if:

   a) they were a retail customer prior to 1 July 2024

   b) they continue to be a retail customer as at 1 July 2024

   with the exception of retail customers in the following tariff classes – controlled energy, uncontrolled energy, ITC and street lighting. Customers who are in these tariff classes prior to the commencement of the 2024-2029 regulatory control period on 1 July 2024 will be re-assigned as follows:

   - Controlled and uncontrolled tariff classes will be reassigned to the residential network tariff class
   - ITC network tariff class will be reassigned to the large business high voltage network tariff class
   - Street lighting network tariff class will be reassigned to the unmetered supply network tariff class.

Assignment of new retail customers to a network tariff class during the 2024-2029 regulatory control period

2. If, after 1 July 2024, TasNetworks becomes aware that a person, business or organisation is to become a retail customer, then TasNetworks must determine the tariff class to which the new customer will be assigned.
3. In determining the tariff class that a new retail customer will be assigned or re-assigned to, TasNetworks must take into account one or more of the following factors:

   c) the nature and extent of a retail customer's usage[47]

   d) the nature of the retail customer's connection to the network[48]

   e) whether remotely read interval metering or other similar metering technology has or will be installed at the retail customer's premises.[49]

4. In addition to the above requirements, when assigning or re-assigning a retail customer to a tariff class, TasNetworks must ensure that:

   f) retail customers with similar connection and usage profiles are treated equally[50]

   g) retail customers who have micro-generation facilities are not treated less favourably than retail customers with similar load profiles without such facilities.[51]

Re-assignment of existing retail customers to another existing or new network tariff class during the regulatory control period

5. TasNetworks may reassign a retail customer to another network tariff class if the customer's load characteristics or connection characteristics (or both) have changed such that it is no longer appropriate for that retail customer to remain assigned to the network tariff class to which they are currently assigned. To determine the tariff class to which the retail customer is to be re-assigned, TasNetworks must comply with Clauses 6.18.4(1), 6.18.4(2) and 6.18.4(3) of the NER as well as points 3 and 4 above.

TasNetworks initiated network tariff class assignment

6. The assignment of customers to tariff classes and network tariffs is reviewed as part of the annual process of developing network tariffs for regulatory approval. We have set procedures and criteria to determine when it may be appropriate for a customer to be reassigned to a different network tariff class, or where the basis of a customer's demand charges should be amended. This change is usually the result of changes in the customer's energy consumption, expected maximum demand or connection characteristics. These procedures ensure the customer's underlying network tariff is appropriate for their assumed usage or load profile.

Reassignment triggered by the customer or the customer's retailer

7. Customers and the customer's retailer should monitor the suitability of the network charges applied. Where a customer or customer's retailer identifies that the network tariff to which the customer is assigned is not suitable, they must advise TasNetworks of the need for re-assignment.

46 Refer to TasNetworks' Revised Tariff Structure Statement 2019-2024

47 NER, Clause 6.18.4(a)(1)(i)

48 NER, Clause 6.18.4(a)(1)(ii)

49 NER, Clause 6.18.4(a)(1)(iii)

50 NER, Clause 6.18.4(a)(2)

51 NER, Clause 6.18.4(a)(3)

Obsolete tariffs

8. An obsolete network tariff is a network tariff that may apply to existing TasNetworks' customers but is not available to new customers. Customers who choose to transfer from an obsolete network tariff to another network tariff will lose all rights to all obsolete network tariffs, and the customer will be required to select a currently available network tariff. Customers may not go back to an obsolete network tariff once they have transferred from it.

9. Exceptions apply when customers are moved to a default time of use consumption tariff as a result of a change in their meter (see section 21.5.1). Refer to TasNetworks' Tariff Application Guide 2024-2029 which is available on https://www.tasnetworks.com.au/Poles-and-wires/Pricing/Our-prices for further details in relation to obsolete network charges.

Notifications

10. If TasNetworks has initiated the re-assignment of a retail customer to another network tariff, TasNetworks must notify the customer's retailer in writing of the network tariff to which the retail customer has been assigned or re-assigned, prior to the assignment or re-assignment occurring.

    a) In the event that a customer's retailer initiates the network tariff re-assignment, TasNetworks will notify the retailer in writing of the success or otherwise of the application. Where the application is not successful, or where TasNetworks has decided to assign a network tariff other than that proposed by the retailer, TasNetworks will advise the retailer of the reasons for that decision.

    b) The obligation to notify a customer's retailer of a tariff re-assignment does not apply if the customer has agreed with their retailer and TasNetworks that its network tariffs are to be billed by TasNetworks directly to the retail customer, in which case TasNetworks must notify the customer directly.

11. If TasNetworks receives a request for further information about a network tariff assignment or reassignment from a customer, then we will provide such information unless we consider the requested information is confidential. If the customer's retailer disagrees with any such confidentiality claim, the customer may have recourse to the dispute resolution procedures referred to be under 'Objections'.

12. The notification to the customer's retailer must include advice informing the customer's retailer that they may request further information from TasNetworks and that the retail customer may object to the proposed re-assignment. TasNetworks will encourage retailers to request further information or clarification of network tariff re-assignment decisions before lodging objections.

13. The customer's retailer is wholly responsible for conveying the correct information to TasNetworks and communicating any further requests and decisions made by TasNetworks to the customer.

14. The notice to the customer's retailer must:

    a) include a copy of TasNetworks' internal procedures for reviewing objections and a link to where they can find such information on our website

    b) inform the customer's retailer that if an objection is not resolved to their satisfaction then they are entitled to escalate the matter to the Energy Ombudsman Tasmania

    c) advise the customer's retailer that if their objection is not resolved to their satisfaction after escalating the matter to the Energy Ombudsman Tasmania, then they are entitled to seek a decision by the AER via the dispute resolution process available under Part 10 of the National Electricity Law.

Objections

15. The following steps will be applied as part of the objection process:

    a) Retailers must submit an objection in writing to regulation@tasnetworks.com.au. Retailers should make reference to their customer's load, connection and metering characteristics as part of the tariff re-assignment objection

    b) TasNetworks must review the objection, including any documentation provided. TasNetworks must assess if the original decision complies with this policy and regulatory obligations and must take into consideration any supporting evidence and documentation provided

    c) Within 20 business days of receiving the objection, TasNetworks must notify, in writing, the customer's retailer and, where appropriate, the customer, of the outcome of the review and any reasons for accepting or rejecting the objection. If TasNetworks believes the objection review process will exceed 20 business days, TasNetworks must advise the retailer, and where appropriate, the customer accordingly.

16. If a customer's retailer's objection to a tariff assignment or re-assignment is upheld:

    a) If the objection is received within 20 business days from the date the retailer was advised of the original network tariff assignment or re-assignment decision, TasNetworks must apply the changes from the last actual meter read date prior to the network tariff application.

    b) If the objection is received after 20 business days from the date the retailer was advised of the original network tariff assignment or re-assignment decision, TasNetworks must apply the changes from the last actual read date prior to the date the objection was received by TasNetworks.

    c) If TasNetworks requests further information from the retailer pertaining to the objection application, and such information is not provided within 20 business days from the date requested, TasNetworks must apply the changes following a subsequently successful objection from the last actual read date prior to the date the additional requested information is received.

17. Any adjustments to the network tariff charges billed to retailers, or directly to customers, because of an objection to an assignment or re-assignment being upheld, must be made by TasNetworks as part of the normal billing process.

18. If an objection to a tariff assignment or re-assignment made by a customer's retailer is upheld by the relevant body noted in points 14(b) and 14(c) above, then any adjustment which needs to be made to tariffs will be done by TasNetworks at the commencement of the next billing period for the customer or the originally notified date, whichever is the later.

21.5.3 Principles governing assignment or re-assignment of retail customers to tariff classes

Clause 6.18.4 for the NER sets out the principles governing the assignment or re-assignment of retail customers to tariff classes.

Assessments of the tariff class to which a retail customer is assigned are based on the:

- nature of the customer's usage, i.e., whether they are a residential or business customer
- customer's connection to the distribution network, i.e., whether they are connected to the LV or HV network
- usage profile for customers, for example, how customers consume energy.

The NER also require that retail customers with similar connection and distribution service usage profiles should be treated on an equal basis and that any network tariff assignment or re-assignment be subject to an effective system of assessment and review.

As noted in section 21.2, TasNetworks has reviewed its tariff classes for the 2024-2029 regulatory control period and has amended its network tariff class structure to better reflect the nature and usage of the distribution network by customers.

21.5.4 Impact of tariff assignment and reassignment on customers

The assignment or re-assignment of a retail customer to a particular network tariff does not necessarily translate to a change in the electricity retail tariff applying to that customer. This is because, rather than billing customers directly, TasNetworks charges electricity retailers for their customers' access to and use of the network.

The assignment or re-assignment of a retail customer to a network tariff determines what we charge retailers when we bill them for a customer's connection and the delivery of electricity. The charge retail customers see on their bills reflect how the retailer packages its costs for particular customers, including generation costs, network charges and the retailer's costs.

Re-assigning a customer to a different network tariff may not change the retail tariff applying to the customer, unless the retailer's tariff is underpinned by the network tariff.

21.6 Export tariff transition strategy

This section will demonstrate TasNetworks' compliance with the following sections of the NER:			Section reference
6.18.1A(a)	A *tariff structure statement* of a *Distribution Network Service Provider* must include the following elements:		21.6
	(2A)	a description of the strategy or strategies the *Distribution Network Service Provider* has adopted, taking into account the pricing principle in clause 6.18.5(h), for the introduction of export tariffs including where relevant the period of transition (*export tariff transition strategy*)	

TasNetworks has incorporated the AER's *Export Tariff Guidelines* in preparing this export tariff transition strategy, particularly page 6 which sets out the AER's key expectations with respect to the transition strategy for those distributors that are proposing two-way pricing and those that are not proposing two-pricing for the upcoming regulatory control period.

Tasmania has a relatively low penetration of solar PV installations compared to other jurisdictions and TasNetworks has not yet experienced widespread issues relating to the export of solar PV generation to the network.

While solar PV capacity is expected to grow throughout the 2024-2029 regulatory control period and beyond, at this stage TasNetworks does not expect this to result in material issues (relating to the export of solar PV generation) that will drive network expenditure. This is because solar PV generation will in large part be absorbed by storage (for later use, such as in peak times) and increasingly by electric vehicles. Tasmania has a comparatively stable minimum (and base) demand, which is discussed further in section 22.6.4 of the TSES.

On this basis, TasNetworks is not proposing to introduce export tariffs in the 2024-2029 regulatory control period.

To inform whether TasNetworks will seek to propose and establish export tariffs in future regulatory control periods, beyond the 2024-2029 regulatory control period, TasNetworks will continue to assess the intrinsic hosting capacity throughout the network in the context of projections for CER installations – generation storage, and electric vehicles – all of which will influence how the hosting capacity is consumed. This will inform whether CER exports are expected to drive increased network costs in the future and therefore whether there is a strong rationale to incorporate export tariffs in the Tasmanian context. It is considered to be important to distinguish between localised and more general issues with respect to CER exports and network hosting capacity.

Should there be a rationale to incorporate export tariffs based on a limited intrinsic hosting capacity and projections, TasNetworks expects that it would undertake relevant tariff trials prior to formally proposing export tariffs to the AER. Trials are a critical input as they can test customer responsiveness and sentiments on a smaller scale, and enable feedback and refinements to be made before implementing tariffs for the entire customer base. TasNetworks will also review the findings from other distributors in their respective export tariff trials in the Tasmanian context. No export tariff trials are currently planned for the 2024-2029 regulatory control period but the need to undertake export tariff trials will continue to be assessed throughout the period.

Further, TasNetworks will incorporate customer and stakeholder feedback in any future design of export tariffs in the Tasmanian context, and will consider alternative ways of achieving desirable outcomes – such as through revised time of use tariffs. TasNetworks understands that there are many ways of signalling a more favourable utilisation of the network to customers and these levers need to be tested in the context of stakeholder support in planning our future strategy. TasNetworks will continue to work through the PRWG to engage with stakeholders in relation to two-way pricing in the future.

21.7 Alternative control services

The TSS provisions in the Rules apply to direct control services,[52] which comprise SCS and ACS. The purpose of this section of the TSS is to address the Rule requirements in relation to ACS.

ACS include regulated metering services for small customers,[53] public lighting and ancillary services (quoted services and fee-based services).

21.7.1 Tariff classes for alternative control services

This section addresses TasNetworks' compliance with the requirement in the NER for DNSPs to set out in their TSS the tariff classes applying to direct control services.

NER clause	TSS requirement	Section reference
6.18.1A(a)(1)	A tariff structure statement of a Distribution Network Service Provider must include the tariff classes into which retail customers for direct control services will be divided for the relevant regulatory control period.	21.7.1
6.18.3	Each retail customer for direct control services must be a member of one or more tariff classes and separate tariff classes must be established for retail customers who receive standard control services[54] and alternative control services. A tariff class must be constituted with regard to grouping retail customers together on an economically efficient basis and avoiding unnecessary transaction costs.	21.7.1

Our tariff classes for ACS reflect the nature of the services provided, with similar services being grouped together. This approach is economically efficient, in that the tariffs reflect the cost of the services and the characteristics of the customer using the service do not impact the cost of the service. Table 17 defines each of our tariff classes for ACS, which are consistent with those approved by the AER for the 2019-2024 regulatory control period.

Table 16. Tariff classes for alternative control services

Tariff class	Definition
Metering	Metering services are those services provided with respect to the provision, installation and maintenance of standard meters installed prior to December 2017 and the associated services provided to retail customers. This includes the metering services provided to small customers (using type 6 and type 7 meters) in our role as metering provider and meter data provider.
Public lighting	Public lighting services are those services provided with respect to: • the provision, construction, and maintenance of our public lighting assets • the maintenance of public lighting assets owned by customers (contract lighting). This includes the provision, construction, and maintenance of new and/or emerging public lighting technology services.
Ancillary services – Fee based services	Fee based services are provided for the benefit of a single customer rather than uniformly supplied to all customers. These services are provided at the request of a third party and are typically initiated by way of a service request received from a retailer. Fee based services include the provision of basic connections to the network.

52 NER, Clause 6.18.1

53 Type 6 and 7 meters

54 Refer to section 21.4 for tariff structures relating to standard control services

Tariff class	Definition
Ancillary services – Quoted services	Quoted (non-standard) services are those services where the nature and scope of the service is specific to individual customer needs and varies from customer to customer. Consequently, the cost of providing the services cannot be estimated without first knowing the customer's specific requirements. It is not possible therefore, to set generic fixed fees in advance for these services. Requests for quoted services may be received from a customer or from a retailer on behalf of a customer.

21.7.2 Approach to setting tariffs

This section sets out TasNetworks' compliance with the NER regarding TSS and the pricing of direct control services.

NER clause	TSS requirement	Section reference
6.18.1A(a)(5)	A tariff structure statement must include a description of the approach that TasNetworks will take in setting each tariff in each pricing proposal during the 2024-2029 regulatory control period.	21.7.2
6.18.1A(b)	A tariff structure statement must comply with the pricing principles for direct control services.	21.7.2
6.18.5(a)	The network pricing objective is that the tariffs that TasNetworks charges in respect of its provision of direct control services to a retail customer should reflect TasNetworks' efficient costs of providing those services to the retail customer.	21.7.2

21.7.2.1 Metering, public lighting and ancillary services (fee-based services)

Metering, public lighting, and ancillary services price caps are calculated for each year of a regulatory control period using a price control mechanism approved by the AER (see Attachment 16 Control mechanisms).

21.7.2.2 Ancillary services – quoted services

The cost to the customer of quoted services is built-up based on the cost of the inputs to the particular service, that is, labour time and rates, materials, contractors and other costs,[55] with overheads apportioned to the work. TasNetworks is also required to include the income tax liability incurred by TasNetworks in relation to the provision of electricity connection assets involving cash contributions and/or gifted assets from customers. This cost buildup reflects the steps required to set prices for the diverse range of activities provided as quoted services.

The labour rates used in determining quoted services pricing are set out in the Indicative Pricing Schedule in Appendix B.

55 Includes regulated margin and tax due in relation to customer contributions.

Appendix A – Indicative pricing schedule for standard control services

The following schedules can be found in in the attachment to this document – Attachment 21, Tariff Structure Statement (2024-2029 Regulatory Proposal) – Indicative Network Tariff Prices.

Appendix B – Indicative pricing schedule for alternative control services

Schedules for the following indicative prices can be found in Attachment 21, Tariff Structure Statement (2024-2029 Regulatory Proposal) – Indicative ACS Prices

- Indicative prices for metering services
- Indicative prices for public lighting services
- Indicative prices for contract lighting services
- Indicative prices for fee-based services
- Proposed labour rates for quoted services

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