Attachment A – TasNetworks' Annual Pricing Proposal Statement of Compliance 2026-27

As approved by the Australian Energy Regulator

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Public

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TasNetworks acknowledges the palawa (Tasmanian Aboriginal community) as the original owners and custodians of lutruwita (Tasmania). TasNetworks, acknowledges the palawa have maintained their spiritual and cultural connection to the land and water. We pay respect to Elders past and present and all Aboriginal and Torres Strait Islander peoples.

Contents

Glossary

Term or Abbreviation	Description
ACS	Alternative Control Services
AER	Australian Energy Regulator
Augmentation	Investment in new network assets to meet increased demand
Capacity	The amount of electrical power that a part of the network is able to carry
CER	Consumer Energy Resources (previously referred to a Distributed Energy Resources (DER)), e.g., solar PVs, batteries, electric vehicles
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
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
Distribution network	The assets and services that carry the electricity conveyed from generators by the high voltage transmission network and deliver it to individual customers 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 in this document as Transmission Use of Systems (TUOS)
DUOS	Distribution Use of System. The utilisation of the distribution network in the provision of electricity to distribution customers.
ESISC	Electrical Safety Inspection Service Charges
HV	High voltage
ITC	Individual Tariff Calculations
kV, kVA	Kilovolt, Kilovolt Ampere
kW, kWh	Kilowatt, Kilowatt hour

Term or Abbreviation	Description
LRMC	Long run marginal cost
MVA	Megavolt ampere
NEL	National Electricity Law
NEM	National Electricity Market
NEMC	National Energy Market Charge
NER, the Rules	National Electricity Rules
Network tariff	Network price parameters and conditions of supply for a network tariff class
Network tariff class	A class of retail customers for one or more direct control services who are subject to a particular network tariff or class of network tariffs with similar electricity demand and usage
NUOS	Network Use of System. Reflects the combination of NUoS and TUoS as the utilisation of the total electricity network in the provision of electricity to consumers.
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
PV	Photo Voltaic, solar PV panels
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 Services
SSSP	System Strength Service Provider
TAR	Total Allowable Revenue
TEC	Total Efficient Cost
TNSP	Transmission Network Service Provider
ToU	Time of Use
TSS	Tariff Structure Statement 2024-2029
TUOS	Transmission Use of System

Term or Abbreviation	Description
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

Chapter 1: Introduction

The National Electricity Rules (**NER**) require that TasNetworks, as the operator of an electricity distribution network within the National Electricity Market (**NEM**), must submit an annual pricing proposal at least 3 months before the commencement of the regulatory year (2026-27).

The annual pricing proposal:

- Sets out the network tariffs which TasNetworks is proposing to apply in the upcoming regulatory year for standard control services (**SCS**), as well as the prices it proposes to charge for a range of alternative control services (**ACS**).
- Is designed to explain the prices TasNetworks proposes to apply in the upcoming regulatory year, the derivation of those prices, compliance with the NER, the National Electricity Law (**NEL**) and the Australian Energy Regulator's (**AER**) Distribution Determination for TasNetworks.

TasNetworks' network tariffs have been developed in accordance with the NER, the methodologies described in our 2024-2029 Tariff Structure Statement (**TSS**) and are designed to efficiently recover the regulated costs of providing distribution services from our customers. The classification of the services, network tariff classes and network tariff structures reflected in this Annual Pricing Proposal reflect those detailed in the TSS as approved by the AER in April 2024.

Supporting documents

TasNetworks' annual pricing proposal includes a range of documents to assist external parties understand the development and application of network tariffs and prices for Direct Control Services (SCS and ACS). This Statement of Compliance document is supported by:

2026-27 Annual pricing documents (as submitted to the AER[1])

- Statement of Compliance 2026-27
- Standard Control Services pricing model 2026-27
- Alternative Control Services pricing model 2026-27

2024-2029 Revenue reset documents (as approved by the AER[2])

- 2024-2029 Tariff Structure Statement
- 2024-2029 Tariff Structure Explanatory Statement
- 2024-2029 Alternative Control Services
- 2024-2029 Control Mechanisms

2024-2029 Application guides

- 2024-2029 Network Tariff Application Guide
- 2024-2029 Metering Application Guide
- 2024-2029 Public Lighting Application Guide
- 2024-2029 Ancillary Services – Fee-based Services Application Guide
- 2024-2029 Ancillary Services – Quoted Services Application Guide

These documents can be located on our website which also includes various factsheets on our network tariffs and network tariff reform:

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

[1] Network pricing proposals and tariff variations | Australian Energy Regulator (AER)

[2] Final decision | Australian Energy Regulator (AER)

Chapter 2: Demand forecast

TasNetworks has provided quantity forecasts for SCS in the 'Qty forecasts' sheet of the SCS pricing model. The forecasts have been compiled using the same methodology that was applied in previous annual pricing proposals and in the 2024-2029 regulatory proposal.

The variances in customer numbers and quantities from the previous year for the distribution network, as well as residential and small business customers are discussed in Table 1[3].

Table 1: Forecast and estimate energy consumption and customer numbers

Quantity	Forecast 2025-26	Estimate 2025-26	Forecast 2026-27	Variance and explanation of change
Total energy (GWh)	4,624	4,748 ↑2.7% Comparison to 2025-26 forecast	4,880 ↑2.8% Comparison to 2025-26 estimate	At the total network level, energy consumption in 2025-26 is estimated to be higher than forecast. This is due to an increase in residential customer load driven by cooler than average spring weather. The 2025-26 estimate has been revised upward to reflect higher year-to-date actuals as of February 2026, as well as emerging risks associated with the Middle East conflict. It is assumed that the impacts of the conflict will ease over the course of 2026-27, with consumption returning to its long-term historical trends.
Residential	2,103	2,209 ↑5.0% Comparison to 2025-26 forecast	2,243 ↑1.5% Comparison to 2025-26 estimate	Year-to-date residential consumption to February, is approximately 5.3 per cent higher than the 2025-26 forecast. As a result, full year residential energy consumption is estimated to be higher than forecast in 2025-26. This increase is attributed to a cooler than average spring, a likely increase to working-from-home arrangements, and ongoing electrification efforts aimed at reducing fuel consumption. Residential customer forecasts for 2026-27 are expected to be slightly higher than the 2025–26 estimate, consistent with a return to long-term trends. This modest growth is primarily driven by continued customer energisation.

[3] Refer Quantities Table 1 in SCS Model, sheet "Qty forecasts"

Quantity	Forecast 2025-26	Estimate 2025-26	Forecast 2026-27	Variance and explanation of change
Small business	869	863 ↓ 0.7% Comparison to 2025-26 forecast	850 ↓ 1.5% Comparison to 2025-26 estimate	Small business energy consumption is expected to be lower than forecast in 2025-26. This reduction is reflected by a continued uptake of solar installations for this customer group and some customers moving to the large business low voltage (**LV**) group. The small business customer forecast for 2026-27 continues to trend lower than the 2025-26 estimates. This reduction is driven by slower growth in business connections and a downward trend in average daily consumption per customer.
Total customers (000's)	313	306 ↓ 2.5% Comparison to 2025-26 forecast	310 ↑ 1.4% Comparison to 2025-26 estimate	Total customer numbers are expected to be lower than forecast in 2025-26. A downward trend in population, slow gross domestic product (**GDP**) growth, high material costs, minimal uptake of high density living and on-going workforce challenges in Tasmania are the driving forces. The 2025-26 estimate also align with the movements in total actual year-to-date billed days. The customer forecasts for 2026-27 are slightly higher than the 2025-26 estimates. It is expected that the Australian and Tasmanian Government housing initiatives will increase housing supply, and therefore number of connected customers.

Forecasting methodology and key drivers

The 2025-26 energy consumption estimate is based on actual data through up to (and including) February 2026. This captures energy patterns for the Tasmanian winter in which electricity demand is at its peak, mostly due to the high utilisation of heating loads plus the majority of summer.

Movements in energy consumption, demand and customer numbers are driven by a range of external factors. Weather conditions are a key driver, with cooler-than-average spring temperatures increasing consumption. Forecast growth is also supported by construction activity arising from government housing initiatives, as well as social and economic trends including increased electric vehicle uptake, ongoing working-from-home arrangements, and the progressive electrification of residential and business activities.

Differences in forecast and estimated quantities possibly relate to changes in drivers resulting from updated information. Table 2 summarises the key drivers and source data used for the estimates and forecasts in both the current and prior year pricing proposals.

The model to forecast quantities is consistent with prior years, and back testing is undertaken to ensure accuracy of outcomes.

Table 2: Key inputs to demand forecasts

Key Driver	Source	Basis of estimate (2025-26 Pricing Proposal)	Basis of estimate (2026-27 Pricing Proposal)
Consumption data	Internal metering data	Actuals up to end of November 2024	Actuals up to end of February 2026
Weather – key indicators	Bureau of Meteorology (**BOM**) Climate Outlook Summary	December 2024 to April 2025 climate forecast for temperature and rainfall	December 2025 to April 2026 climate forecast for temperature and rainfall
NMI / Customer numbers	Internal database	November 2024	February 2026
Electric vehicle forecasts	Electric Vehicle Council Australian Energy Market Operator (**AEMO**)	Electric Vehicle Council November 2024	AEMO's Detailed Electric Vehicle Databook
Economic Growth	Treasury Tasmania	2023-24 Budget Papers	2025-26 Budget Papers
Building forecasts	Master Builders Association (**MBA**)	October 2024	October 2025
	Australian Bureau of Statistics (**ABS**)	November 2024	November 2025

TasNetworks customer consumption forecasts are calculated using historical trends, year to date actuals consumption data and economic indicators to predict what the possible consumption for each tariff for the upcoming regulatory year.

This forecast is then refined to ensure TasNetworks remains compliant with the revenue to be recovered originally set by the AER at the start of the 2024-2029 regulatory period.

The total customer number forecasts are prepared using the MBA forecast for Tasmania for residential and commercial customers, and the ABS residential and commercial dwellings commenced data and historical trends. The commercial customers are further allocated into our business tariff classes, except for Individual Tariff Calculation (**ITC**) customers and high voltage commercial customers.

Table 3 provides a summary on how forecasts are prepared for each tariff class.

Table 3: Application of forecast quantities to each tariff class

Tariff class	Methodology for allocation of forecast quantities to tariff and charging parameters
Energy consumption	
Residential	Forecast energy consumption is apportioned to each network tariff and charging component based on historical trends and time of use splits. Additionally, the forecast for the default network tariff includes the consumption for estimated new connecting customers and an estimated proportion of customers on

Tariff class	Methodology for allocation of forecast quantities to tariff and charging parameters
	the now obsolete network tariffs through either self-selection by the customer, or through the assignment rules following a meter exchange.
Low voltage small business	Forecast energy consumption is apportioned to each network tariff and charging component based on historical trends and time of use splits. Additionally, the forecast for the default network tariff includes the consumption for the estimated new connecting customers and an estimated proportion of customers on the now obsolete network tariffs through either self-selection by the customer, or through the assignment rules following a meter exchange.
Irrigation	Forecast energy consumption is apportioned to the network tariff and charging components based on historical trends and time of use splits. TasNetworks notes that forecasting for this network tariff is volatile as it is extremely weather dependent and will depend on the needs of the selected crops.
Low voltage large business	Forecast energy consumption is apportioned to each network tariff and charging component based on historical trends and time of use splits. Maximum demand calculations are prepared on historical maximum demand outcomes aligned to the method of calculation for the tariff, e.g., peak, off-peak or anytime maximum demand.
High voltage large business (except for TAS15[4])	Forecast energy consumption is apportioned to each network tariff and charging component based on historical trends and time of use splits. Maximum demand calculations are prepared on historical maximum demand outcomes aligned to the method of calculation for the tariff, e.g., peak, off-peak or anytime maximum demand.
TAS15[4] and Individual tariff calculations	Energy and maximum demand forecasts for TAS15 customers and large ITCs are developed individually. The energy forecast is based on a review of each customer's consumption history plus any confirmed future operational changes. Any new customers are included using forecast data provided with their connection application.
Unmetered supplies	Forecasts for unmetered tariff energy are based simple linear analysis, incorporating device counts, energy efficiency resulting from new technologies.
Customer numbers	
Residential	MBA and ABS forecasts are used to inform residential customer numbers. Historical data and trends, combined with external sources, is then used to allocate customers to each tariff based on the TSS. Forecasts assume that all new customers are assigned to the default network tariff.
Low voltage small and large business	Forecasted low-voltage business customer numbers are split into small and large business tariff classes based on historical trends and contracted maximum demand, consistent with the TSS.

[4] High voltage kVA specified demand (>2 MVA)

Tariff class	Methodology for allocation of forecast quantities to tariff and charging parameters
	Within each tariff class, customer forecasts for individual network tariffs are determined using contracted maximum demand, projected smart meter roll-out, and historical trends. Additionally, forecasts assume that all new low voltage small business customers are assigned to the default tariff.

Chapter 3: Network tariffs

Standard control services

The 'Tariff schedule' sheet of the SCS pricing model sets out the proposed 2026-27 prices for SCS.

All tariffs remain in the same tariff class as the current TSS[5]. This is demonstrated in tariff schedule 3 of the SCS pricing model.

All tariffs retain the same charging parameters as the current TSS[5]. This is also demonstrated in tariff schedule 3 of the SCS pricing model. Below is a summary of each charging parameter:

Table 4: Charging parameters for TasNetworks' residential network tariffs[6]

Charging parameters	Unit	Explanation
Service charge	c/day	A set daily charge which applies to all customers connected to a network tariff, except for the unmetered streetlights (TASUMSSL).
Peak energy	c/kWh	Applies to energy consumption during time of high network utilisation: - Residential time of use consumption tariff (TAS93): 7am-10am and 4pm-9pm - Customer energy resource (**CER**) tariff (TAS97): 7am-10am and 4pm-10pm. - Small business time of use consumption tariff (TAS94): 7am-10am and 4pm-9pm. - Irrigation tariff (TAS75): 7am-10pm on winter weekdays - High voltage large business tariffs (TASSDM, TAS15): 7am-10pm on winter weekdays.
Shoulder energy	c/kWh	Applies to energy consumption during time of lower network utilisation. Shoulder charges are not applied to residential customer tariffs. - Small business time of use consumption tariff (TAS94): 10am-4pm on weekdays. - Irrigation tariff (TAS75): 7am-10pm on winter weekends and 7am-10pm on summer weekdays. - High voltage large business tariffs (TASSDM, TAS15): 7am-10pm on winter weekends and 7am-10pm on summer weekdays.
Super off-peak energy	c/kWh	Applies a very low overnight rate to the residential CER tariff (TAS97) between midnight and 4am.
Off peak energy	c/kWh	Applies to energy consumption during times of the lowest network utilisation, typically overnight and on weekends: - Residential, small business and irrigation time of use consumption tariffs (TAS93, TAS97, TAS94, TAS75) and high voltage large business tariffs (TASSDM,

[5] Tariff Structure Statement 2024-2029
[6] Refer Table 15 on "Tariffs" sheet of the SCS pricing model.

Charging parameters	Unit	Explanation
		TAS15) during periods that are not peak, shoulder or super off-peak as defined above.
All energy (anytime energy)	c/kWh	Applies to all energy consumption, irrespective of when the consumption occurs: - Residential and small business general light and power tariffs (TAS31, TAS22), heating and hot water (TAS41) and during times specified for the controlled network tariffs (TAS61, TAS63). - Low voltage large business kVA tariff (TAS82). - Embedded networks both on the high voltage and low voltage network (TAS84T1-T4, TAS14T1-T2). - Unmetered supply general tariff (TASUMS).
Peak demand	c/kVA/day or c/kW/day	Applies to the highest reading for a demand integration period (typically 15 or 30 minutes) during time of high network utilisation: - Residential demand tariff (TAS87): 7am-10am and 4pm-9pm on weekdays. - Low voltage small business demand tariffs (TAS88, TAS98): 7am-10am and 4pm-9pm on weekdays. - Low voltage large business demand tariffs (TAS89): 7am-10am and 4pm-9pm on weekdays. - Embedded networks both on the high voltage and low voltage network (TAS84T1-T4, TAS14T1-T2): 7am-10am and 4pm-9pm on weekdays.
Off-peak demand	c/kVA/day or c/kW/day	Applies to the highest reading for a demand integration period (typically 15 or 30 minutes) during time of low network utilisation: - Residential demand tariff (TAS87): midnight-7am, 10am-4pm and 9pm-midnight on weekdays and anytime on weekends. - Small business demand tariffs (TAS88, TAS98): midnight-7am, 10am-4pm and 9pm-midnight on weekdays and anytime on weekends. - Low voltage large business demand tariffs (TAS89): 7am-10am and 4pm-9pm on weekdays and anytime on weekends.
All demand (anytime demand)	c/kVA/day	Applies to the low voltage large business kVA tariff (TAS82).
Specified daily demand[7]	c/kVA/day	Applies for pre-determined demand levels, irrespective of actual demand for the high voltage large business tariffs (TASSDM, TAS15).
Excess daily demand[7]	c/kVA	Applies to the proportion of any daily maximum demand that exceeds a specified demand level: - Residential CER tariff (TAS97) when anytime maximum demand (**ATMD**) is greater than 8.5 kW. - High voltage large business tariffs (TASSDM, TAS15).

[7] Some network tariffs include connection related and locational demand charges.

Charging parameters	Unit	Explanation
Daily demand connection charge[7]	c/kVA/day	Applies for pre-determined demand levels, irrespective of actual demand for the high voltage large business tariffs (TAS15).
Excess daily demand connection charge	c/kVA	Applies to the proportion of any daily maximum demand that exceeds a specified demand level for the high voltage large business tariffs (TAS15).
All demand (lamps)	c/lamp watt/day	Applies to our unmetered street light tariff only and considers the demand levels of different lamp types (TASUMSSL)

The expected weighted average revenue for each tariff class for the current and forecast years is demonstrated in Output Table 5 of the SCS pricing model.

Except for large business high voltage[8], the expected weighted average revenue raised for each tariff class does not exceed the corresponding expected weighted average revenue for the preceding regulatory year by more than the permissible percentage. This permissible percentage is calculated in accordance with the determination[9]. This is demonstrated in Compliance Table 3 of the SCS pricing model.

Alternative control services

The ACS pricing model sets out the proposed 2026-27 prices for ACS.

TasNetworks will offer the same list of services for metering[10], public lighting, and ancillary network services as approved in the AER's final determination for ACS[11]. The list of services for metering, public lighting, and fee-based services is provided in the ACS pricing model. Quoted services are provided in line with the approved control mechanism formula[12] using the applicable labour rates in the ACS pricing model.

Network tariff variations

We are not anticipating variations or adjustments to our tariff prices, tariff class or charging parameters within the 2026-27 period.

Sub-threshold network tariffs

The 2025–26 financial year marked the introduction of two network sub-threshold trial tariffs. These are:

[8] The permissible percentage for the high voltage network tariff class does not consider the forecast new connecting loads to the network
[9] Final Decision: TasNetworks Distribution Determination 2024-29
[10] Final Decision – Metering Services and Final Decision-Metering PTRM
[11] Final Decision – Alternative Control Services
[12] Final Decision – Control mechanisms

1. Storage Network Tariff.
2. Farmshare Network Tariff.

In 2026-27, TasNetworks continues its trial of the Storage Network Tariff. The Farmshare Network Tariff will conclude on 30 June 2026.

Each sub-threshold tariff has a forecast revenue that is less than 1 per cent of total allowable revenue, and all sub-threshold tariffs have a combined forecast revenue of less than 5 per cent of total allowable revenue. This is demonstrated in compliance table 4 of the SCS pricing model.

Chapter 4: Pricing principles

The revenue expected to be recovered from each tariff class lies on or between an upper bound representing the standalone cost of serving the retail customers who belong to that class and a lower bound representing the avoidable cost of not serving those retail customers. This is demonstrated in compliance table 5 of the SCS pricing model.

In the 2024-2029 regulatory control period, these bounds were calculated by considering network connectivity to network assets that are utilised by individual tariff classes and network assets utilised exclusively by individual tariff classes. Cost allocation drivers are applied for each network level to determine stand-alone and avoidable costs for each asset class based on the identified assets. Specifically, these bounds were calculated as follows:

- The stand-alone and avoidable costs for each tariff class are calculated in the manner described in our 2024-2029 Tariff Structure Explanatory Statement.
- Lower bound (avoidable) costs for each tariff class were derived by calculating hypothetical proportions of network assets that would be avoided if the specific tariff class were to be removed.
- Similarly, the upper bound (stand-alone) costs for each tariff class were calculated based on the hypothetical proportions of network assets that would be required if only each tariff class was to be supplied in isolation.

Replacement asset costs were used in this model as the basis for the cost allocation to tariff classes and to determine the avoidable and stand-alone cost proportions.

The sum of the revenue expected to be recovered from each tariff allows TasNetworks to recover the expected revenue for the relevant services in accordance with the distribution. This is demonstrated in compliance table 1 of the SCS pricing model.

Each tariff is based on the long-run marginal cost (**LRMC**) of providing the service to which it relates to the retail customers assigned to that tariff. Additionally, the LRMC remains unchanged from last years for the 2026-27 annual pricing year.

Chapter 5: Indicative prices

Revised indicative prices for SCS tariffs are provided in input table 29 and 30 of the SCS pricing model. Revised indicative price caps for ACS are provided in the ACS pricing model. These indicative price levels have been determined in accordance with the current TSS and updated to account for this pricing proposal.

Some proposed tariff prices are materially different to the corresponding indicative prices as highlighted in compliance table 6 and 7 of the SCS pricing model. Brief notes have been provided in the 'Price comp. ind.' sheet explaining the reasons for any material differences.

Furthermore, we explain below in greater detail the source(s) for the material differences between the proposed tariff prices and their corresponding indicative prices.

Energy consumption forecast for 2026-27 for TAS15 large business HV tariff incorporates four new customers as well as two new connections expected in the upcoming financial year. This has led to an increase of 38 per cent in consumption forecasts compared to the 2025-26 estimate. These customers include:

- BOC Limited moving from TASSDM to TAS15 in March 2025, with 2.5 MVA and 10.6 GWh energy forecast.
- Bejo Tasmania connected to TAS15 at the end of January 2026, with 2.2 MVA and 6.2 GWh energy forecast.
- Digital Asset Mining Enterprise (DAME) connecting to TAS15 with 3 MVA in 2025–26, increasing to 4.5 MVA in 2026–27. Energy forecast is 25 GWh.
- DAME commissioning another connection at Bell Bay (4.4 MVA, 13.3 GWh forecast) in April 2026.
- TasWater with the completion of upgrades to two current water treatment plants, is moving both connections to TAS15 in 2025–26. Ti Tree Bend will migrate from TASSDM with 5.2 MVA, 38.1 GWh forecast, in August 2026, and Selfs Point will migrate from TAS89 to TAS15 with 3.2MVA and 26.5 GWh in May 2025.

The highlighted differences between the indicative 2026-27 prices submitted as part of the 2025-26 pricing proposal and the proposed 2026-27 prices are as follows:

- Cement Australia service charge relates to the common service costs attributed to site specific tariffs. These costs are charged based on the customer forecasted energy consumption. Although the overall common service costs increased by 3 per cent, Cement Australia has increased its specified demand and therefore its forecasted energy consumption by 17 per cent for 2026-27.
- Bluestone Mines Tasmania specified demand and excess demand charge is derived from the locational transmission charges of the substation supplying this customer. Rosebery substation had a 11 per cent increase in energy being consumed at the connection point, which contributed to overall higher locational charges.
- Mondelez Australia (Cadbury) energy charge increase is attributed to its energy consumption forecast decreasing 8 per cent compared to last year's 2026-27 forecast. Additionally, common service costs, are recovered through this customer's energy tariff component have increased 3 per cent.
- Avebury specified demand and excess demand charge is derived from the locational transmission charges of the substation supplying this customer. Rosebery had a 11 per cent increase in energy being consumed at the connection point, which contributed to overall higher locational charges.

- Biomar specified demand and excess demand charge is derived from the locational transmission charges of the substation supplying this customer. Wesley Vale had a 7 per cent increase in energy being consumed at the connection point, which contributed to overall higher locational charges.

Chapter 6: Network tariff components

Distribution use of system charges

Tariffs designed to pass on distribution use of system (**DUOS**) charges are available in the 'Tariff schedule' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of DUOS charges adjusted for over or under recovery. This is demonstrated in output table 6 of the SCS pricing model.

The over or under recovery amount is calculated in a manner consistent with the AER's final decision for control mechanisms[13].

The estimated charges revenue amount reflects the latest available financial, energy consumption, customer numbers and demand data. Revenue is calculated by multiplying actual July 2025 to February 2026 quantities and estimated March 2026 to June 2026 quantities by the AER-approved 2025-26 network prices. Further information about the methodology used to develop forecast quantities for the remainder of 2025-26 is provided in Chapter 2 of this document.

Forecast DUOS amounts are calculated in a manner consistent with the AER's final decision by applying CPI, the X-factor, the Service Target Performance Incentive Scheme amount and the over or under recovery amounts as demonstrated in the SCS pricing model.

Consistent with the revenue cap formulas approved by the AER, TasNetworks' DUOS revenue allowance continues to include bespoke adjustments relating to the true-up of Electrical Safety Inspection Service Charges and National Energy Market Charges. These are long-running adjustments which represent charges TasNetworks is required to pay to operate in Tasmania.

Designated pricing proposal charges

Tariffs designed to pass on designated pricing proposal charges (**DPPC**) are available in the 'Tariff schedule' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of DPPC adjusted for over or under recovery. This is demonstrated in output table 6 of the SCS pricing model.

The over or under recovery amount is calculated in a manner consistent with the AER's final decision for control mechanisms[13] and is compliant with the NER.

Forecast and estimates of designated pricing proposal charges amounts that TasNetworks is required to recover include the following:

- Payments for transmission charges TasNetworks expects to make in 2025-26 and 2026-27.
- Avoided transmission use of system (**TUOS**) payments TasNetworks expects to make in 2026-27 to eligible Embedded Generators:
  - the estimated avoided TUOS payment amount is calculated by averaging actual payment amounts from previous years, excluding those with significant volatility.

[13] TasNetworks - AER Final Decision - Attachment 14 Control Mechanisms

System strength charges

TasNetworks, as the Distribution Network Service Provider, will pass-through system strength charges as determined by the System Strength Service Provider (**SSSP**)[14] to relevant parties (being distribution customers and embedded generators) at system strength connection points on the distribution network. TasNetworks will bill system strength users in accordance with clause 6.20.3A.

The amount, structure and timing of the amount billed will replicate, as far as reasonably practicable, the system strength charge received by the distribution network, and our charges will identify the system strength connection point and other information to enable the customer to verify the charge.

TasNetworks has not forecast to pass through system strength charges for system strength connection points for the 2026-27 period.

Jurisdictional scheme amounts

TasNetworks is not proposing tariffs designed to pass on jurisdictional scheme amounts because it is not subject to a jurisdictional scheme.

[14] Tasmania's SSSP is the transmission business operated by TasNetworks.

Chapter 7: Compliance

Compliance with the determination

We confirm that our tariff assignment policy and the methodology in which we review and assess the basis on which a customer is charged is unchanged from the current TSS[15] and is compliant with the NER.

We also confirm that we are complying with the current TSS where we have made a commitment to:

- remove the inherent discount of the heating and hot water tariff and to align it with the low voltage residential light and power tariff; and
- continue to remove cross-subsidies between individual tariff classes in 2024-2029 to provide more efficient price signals to our customers.

TasNetworks has updated its consumption and demand forecasts to reflect the commitments made in our current TSS, our updated assumptions include:

- new connecting customers being assigned to our default cost-reflective network tariffs resulting from the flat rate network tariffs being made obsolete;
- adjustments to peak and off-peak consumption due to reducing the evening peak by one hour on our small business default network tariff;
- assuming that our residential CER network tariff will be offered and that some prosumers on existing cost-reflective network tariffs will take up the redesigned network tariff; and
- assuming that there will be a small amount of low voltage uptake of our newly introduced embedded network tariff.

There are no other material changes that should be brought to the attention of the AER.

Compliance table

Rule reference	Section reference
6.18.2(a)	Chapter 1 - Introduction
6.18.8(a)(3)	Chapter 2 - Demand forecasts
6.18.2(b)(2) 6.18.2(b)(3) 6.18.2(b)(4) 6.18.6 6.18.2(b)(5) 6.18.1C	Chapter 3 - Tariffs

[15] Tariff Structure Statement 2024-2029

Rule reference	Section reference
11.141.8	
6.18.5(e) 6.18.5(f) 6.18.5(g)(2)	Chapter 4 - Pricing principles
6.18.2(d) 6.18.2(e) 6.18.2(b)(7A)	Chapter 5 - Indicative prices
6.18.2(b)(6) 6.18.2(b)(6A) 6.18.2(b)(6B) 6.18.2(b)(6C) 6.18.7 6.18.7A	Chapter 6 - Tariff components
6.18.3 6.18.4 6.18.2(b)(7) 6.18.2(b)(8)	Chapter 7 - Compliance

I, *Michael Westenberg, Executive Finance and Regulation* confirm that the above statements are true and correct.

31 March 2026

Michael Westenberg, Executive Finance and Regulation

Further information

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

Head of Regulation
Tasmanian Networks Pty Ltd
PO Box 606
Moonah
TAS 7009

Phone: 1300 127 777

Email: regulation@tasnetworks.com.au

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