

# Tariff Structure Statement

Indicative prices 2016-17 to 2018-19

February 2016



# Content

- Consultation – what we've heard
- Our network tariff strategy
- Existing network tariffs
- New demand based tariffs – what we are offering our customers

# What we have heard from our customers

For network tariff reform to work effectively:

- retailers will need to pass the network tariff price signals through to customers via retail tariffs
- customers will need clear communications on how the demand based network charge applies.
- tariff trial key to providing data to enable more extensive customer impact analysis
- customers want to better understand the changes that will be made to our existing network tariff suite and how we will transition over time
- customers are concerned that a transition to more cost reflective network tariffs might penalise customers who remain on existing network tariffs
- customers are concerned that changes to how we recover our efficient costs could lead to an increase in the network charge
- customers are concerned about the impacts on some customers as a result of increasing service charges

## The value of the grid

### BACK UP SERVICES...

To provide reliable power at night or when it's cloudy.



SNOW/RAIN

NIGHT TIME



### AND MARKET ACCESS...

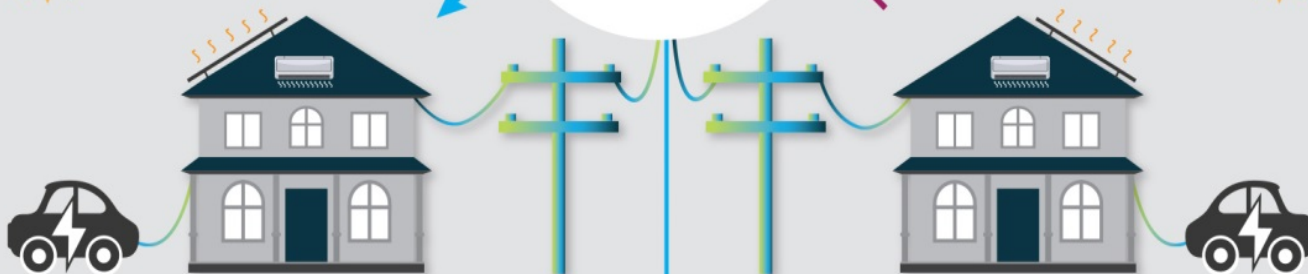
Enabling consumers to sell their power into the grid.



ADDITIONAL ENERGY  
CONSUMED

**TasNetworks**  
Delivering your power

ADDITIONAL ENERGY  
PRODUCED



### PLUS...

#### Startup power services

supporting appliances like heat pumps which increase energy load by up to 4 or 5 times when they start.

#### Balancing services

that instantaneously adapt to the customers' changing demand throughout the day - which can be difficult for a rooftop solar system that isn't connected to the grid.

#### Power quality services

that protect the safe and reliable operation of home and business appliances.

# Our network tariff strategy

Our network tariff strategy is to move towards more cost reflective network tariff structures that enable customers to:

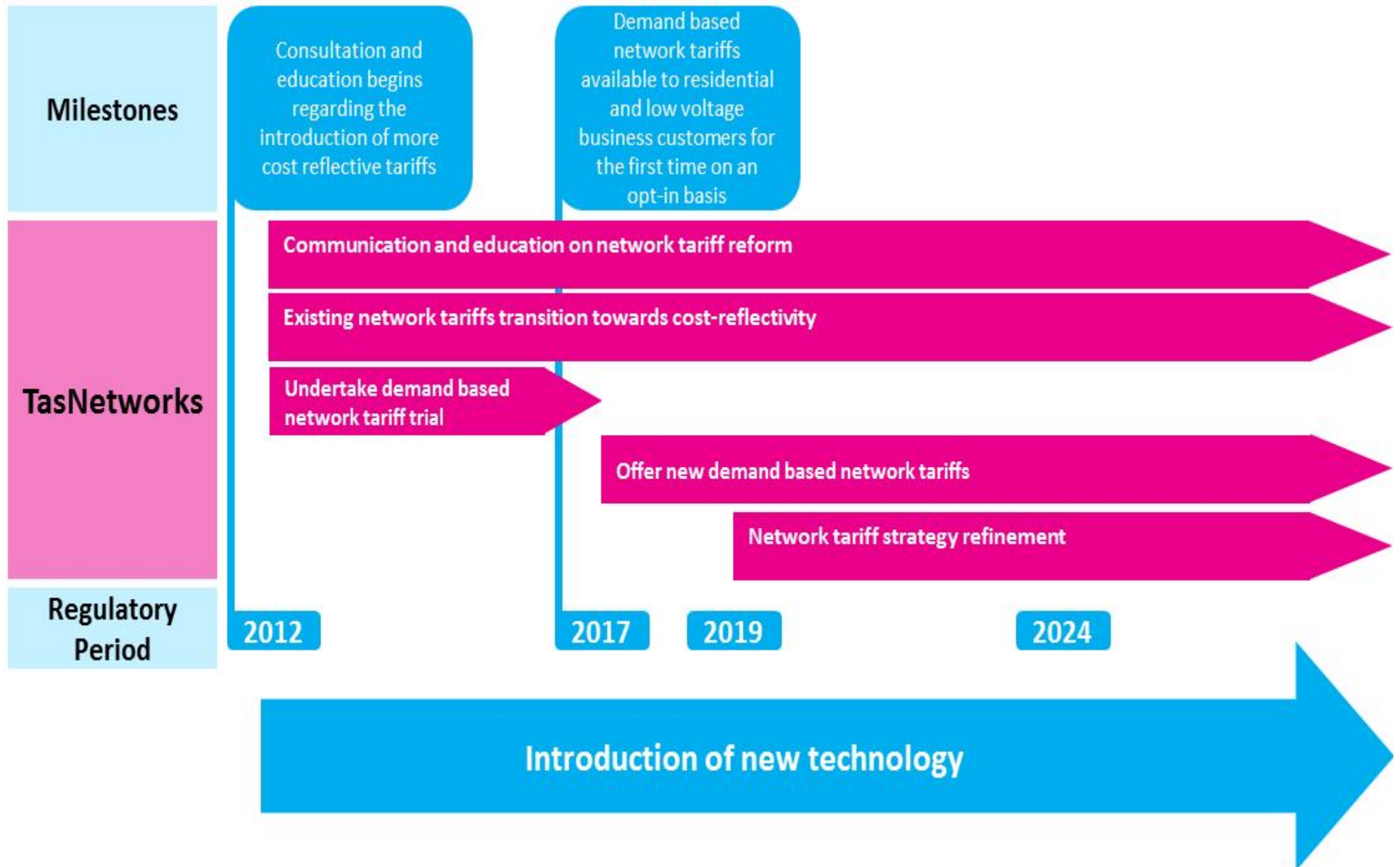
- make more informed investment and electricity use decisions; and
- recognise and pay for the value the network provides to them by gradually:
  - moving how our efficient costs are allocated to make network tariffs fairer for all of our customers; and
  - Increasing the service charges of our network tariffs to better reflect the underlying characteristics of our efficient network costs.

**Our network strategy is broadly grouped in two areas:**

- **Transitioning existing network tariffs to be more cost reflective.**
- **Offering demand based network tariffs as a choice for customers.**



# Our network tariff transition timeline



# Transitioning existing network tariffs





# Transitioning existing network tariffs

Indicative prices in the TSS include some continued re-balancing of existing tariffs, including:

- Realignment of TAS31 and TAS41
- Nursing home tariff (TAS34) variable component increased
- Curtilage tariff (TASCURT) service charge increased
- Increase in all service charges
- Movement towards total efficient cost allocation by tariff
- Some changes to ToU consumption prices to account for behaviour shifts



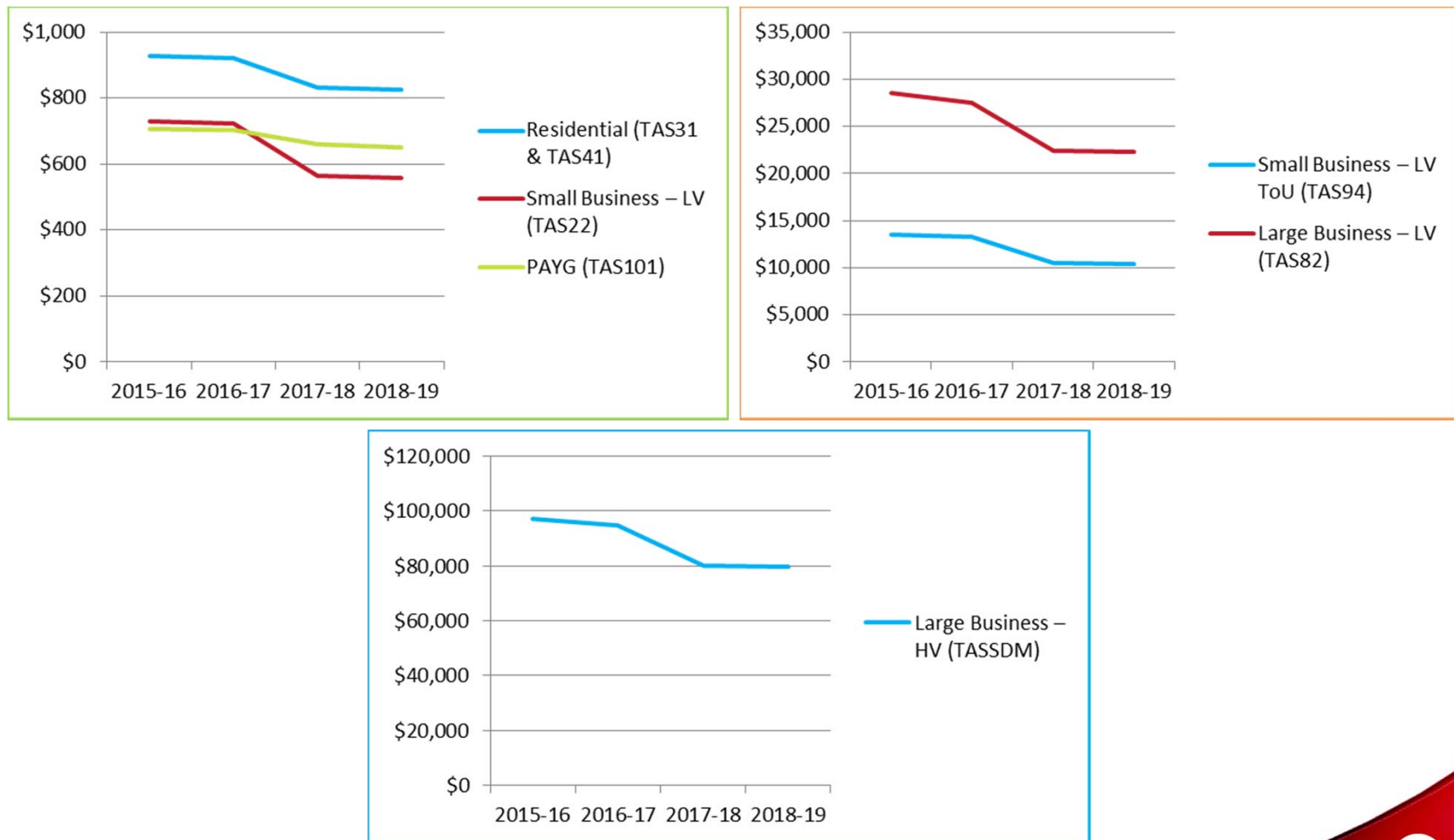
# Summary average customer annual charge 2015-16 vrs 2018-19 (real 2015-16\$)

| Network Components of Bill          | Overall Impact 2016-2019 |                   |                |          |
|-------------------------------------|--------------------------|-------------------|----------------|----------|
|                                     | Typical Bill 2016        | Typical Bill 2019 | Overall Impact | % Impact |
| Residential (TAS31 & TAS41) - low   | 490                      | 445               | (45)           | -9.28%   |
| Residential (TAS31 & TAS41)         | 929                      | 825               | (104)          | -11.16%  |
| Residential (TAS31 & TAS41) - large | 1,623                    | 1,441             | (182)          | -11.19%  |
| Small Business – LV (TAS22)         | 731                      | 559               | (172)          | -23.54%  |
| Small Business – LV (TAS22) - large | 5,745                    | 3,988             | (1,757)        | -30.58%  |
| Small Business – LV ToU (TAS94)     | 13,531                   | 10,415            | (3,116)        | -23.03%  |
| Large Business – LV (TAS82)         | 28,594                   | 22,343            | (6,251)        | -21.86%  |
| Large Business – HV (TASSDM)        | 97,241                   | 79,462            | (17,779)       | -18.28%  |
| Irrigation (TAS75)                  | 7,315                    | 5,662             | (1,653)        | -22.59%  |
| PAYG (TAS101)                       | 706                      | 649               | (57)           | -8.07%   |

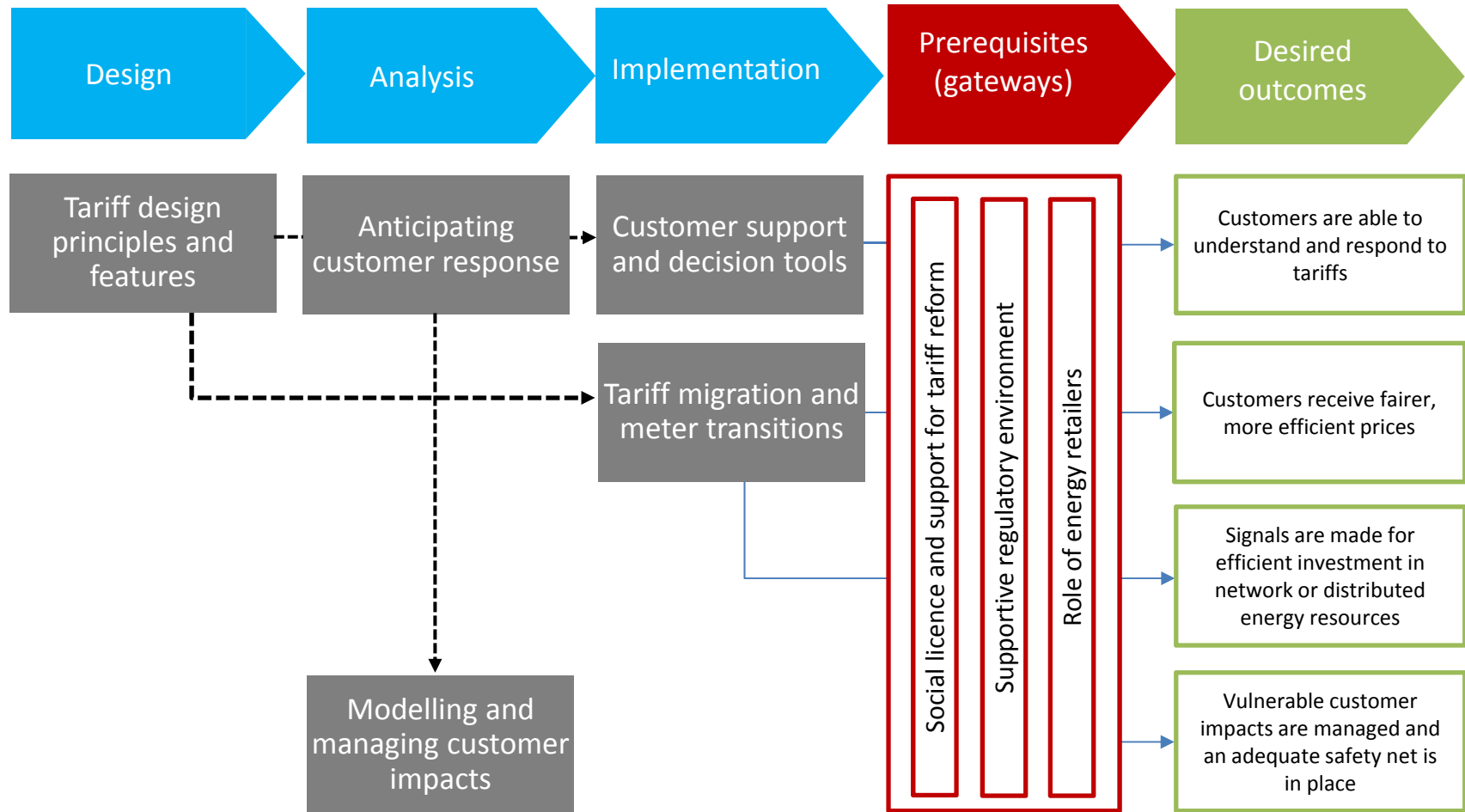
# Summary average customer annual charge 2015-16 vrs 2018-19 (real 2015-16\$) – solar customers

| Network Components of Bill<br><br>Tariff | Overall Impact 2016-2019 |                   |                |          |
|--|--------------------------|-------------------|----------------|----------|
|  | Typical Bill 2016        | Typical Bill 2019 | Overall Impact | % Impact |
| Residential (TAS31 & TAS41) - low        | 534                      | 481               | (53)           | -9.91%   |
| Residential (TAS31 & TAS41)              | 883                      | 797               | (86)           | -9.73%   |
| Residential (TAS31 & TAS41) - large      | 1,470                    | 1,332             | (138)          | -9.36%   |
| Small Business – LV (TAS22)              | 972                      | 719               | (253)          | -26.04%  |
| Small Business – LV (TAS22)- large       | 4,810                    | 3,348             | (1,462)        | -30.40%  |
| Small Business – LV ToU (TAS94)          | 12,591                   | 9,717             | (2,874)        | -22.83%  |

# Average customer annual charge 2015/16 – 2018/19 (real 2015-16\$)



# Interaction between elements of successful tariff reform



# Service charges (residential)

## TAS31 – 2015-16 vs 2018-19

- 8.95% increase (1.17% in real 2015-16 dollars)
- 2015-16 annual charge \$166.38
- 2018-19 annual charge \$168.33 (real 2015-16 dollars)

## TAS31/TAS41 – 2015-16 vs 2018-19

- 10.45% increase (2.57% in real 2015-16 dollars)
- 2015-16 annual charge \$184.40
- 2018-19 annual charge \$189.13 (real 2015-16 dollars)

## TAS101 – 2015-16 vs 2018-19

- 9.84% increase (2.0% in real 2015-16 dollars)
- 2015-16 annual charge \$166.38
- 2018-19 annual charge \$169.70 (real 2015-16 dollars)

# Service charges (business & irrigation)

## TAS22 – 2015-16 vs 2018-19

- 8.33% increase (0.6% in real 2015-16 dollars)
- 2015-16 annual charge \$166.38
- 2018-19 annual charge \$167.37 (real 2015-16 dollars)

## TAS94 – 2015-16 vs 2018-19

- 39.63% increase (29.66% in real 2015-16 dollars)
- 2015-16 annual charge \$169.79
- 2018-19 annual charge \$220.15 (real 2015-16 dollars)

## TAS75 – 2015-16 vs 2018-19

- 8.51% increase (0.76% in real 2015-16 dollars)
- 2015-16 annual charge \$799.54
- 2018-19 annual charge \$805.63 (real 2015-16 dollars)

# Customer spread analysis summary

- We have analysed the network bill impact and customer spread based on our indicative tariffs
- The analysis shows that **most customers should face network charges that are lower, or about the same in the next regulatory control period**, when compared to current charging levels. This is due to forecast declining revenue.
- Many customers, particularly larger customers, will experience significant reductions in network charges
- Where customers are forecast to experience an increase in charges it is generally small

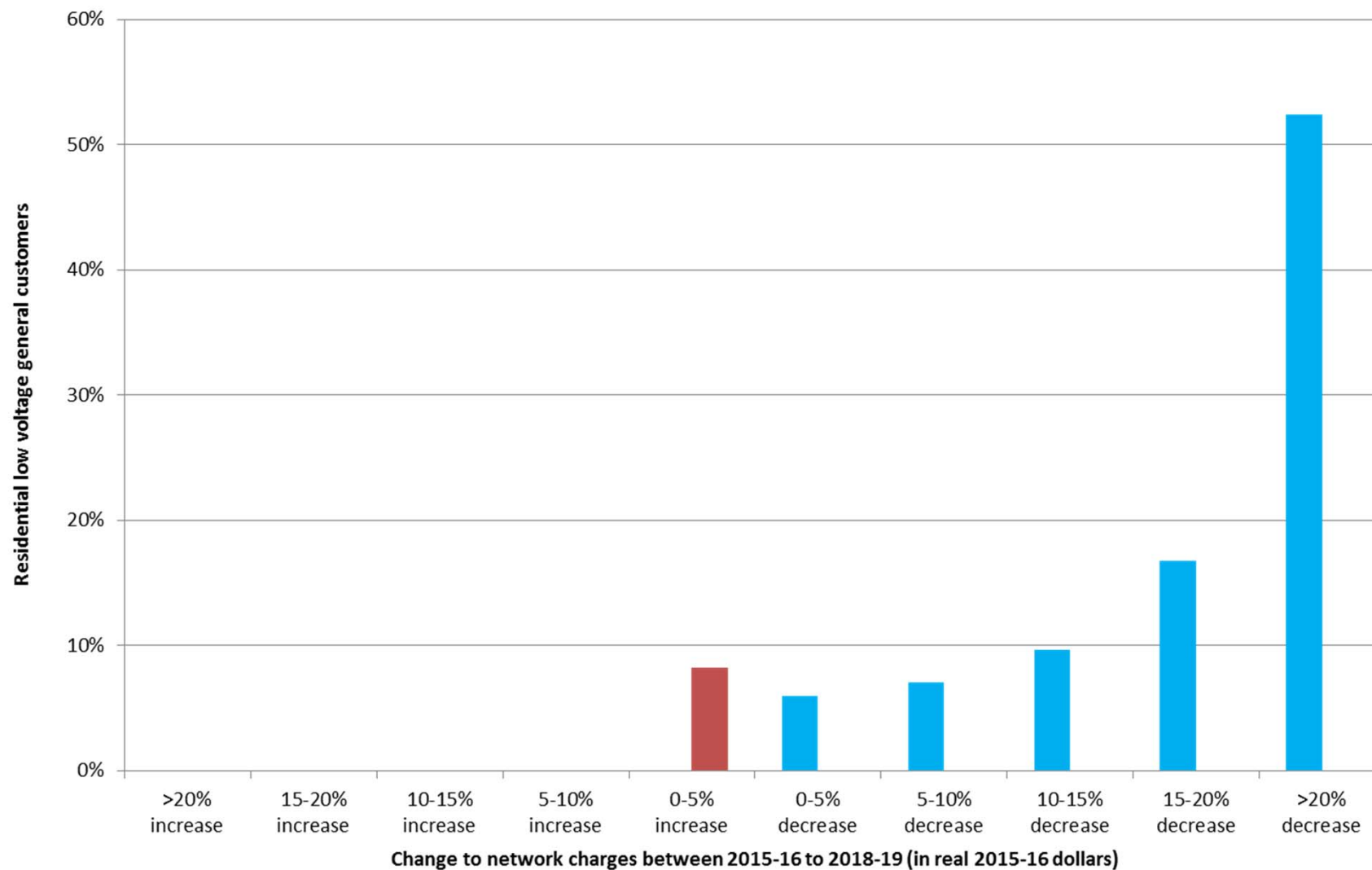


# Residential customer impacts 2015-16 network charges vrs 2018-19

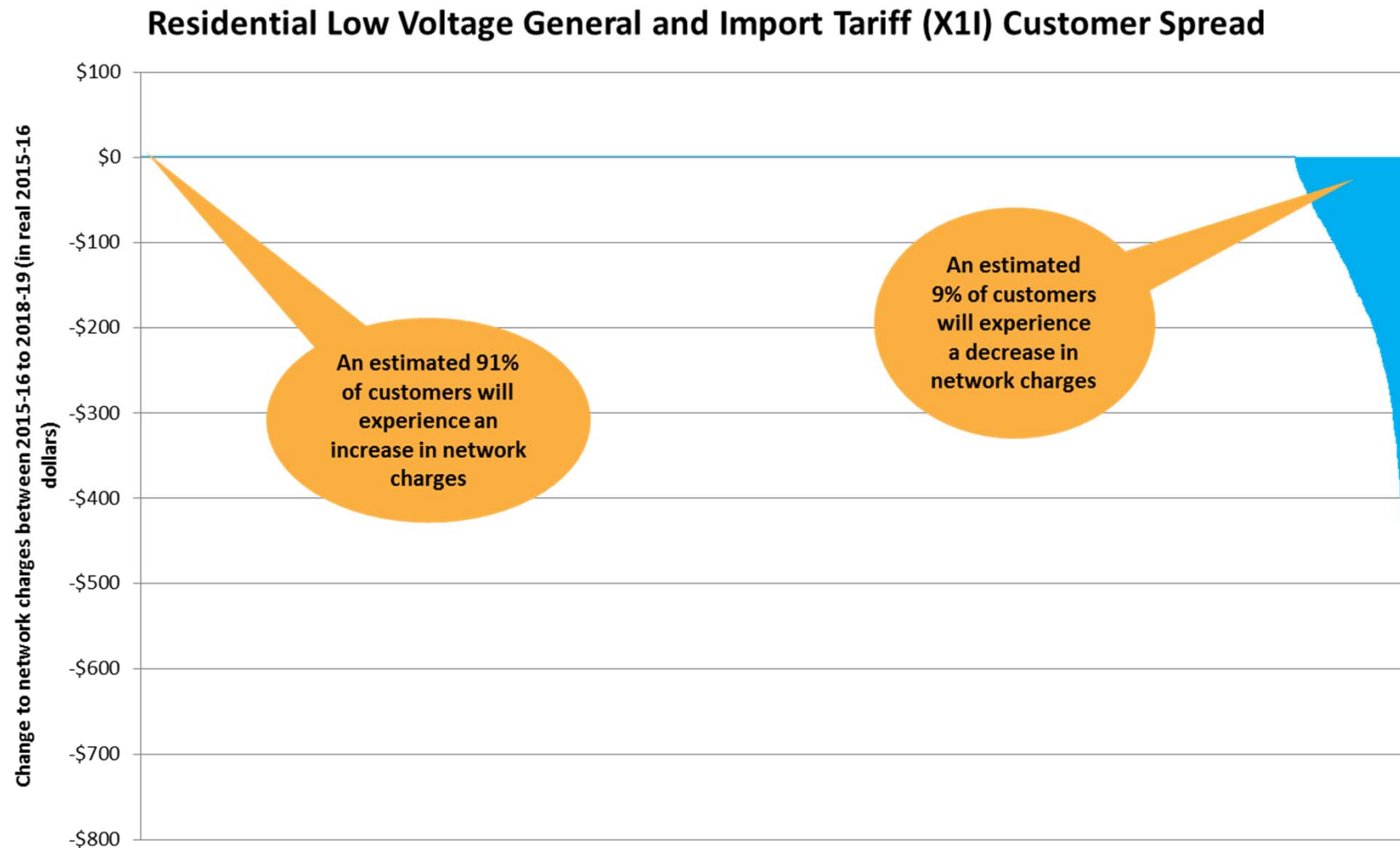
**Residential Low Voltage General Customer Spread (TAS31) (\$2015-16)**



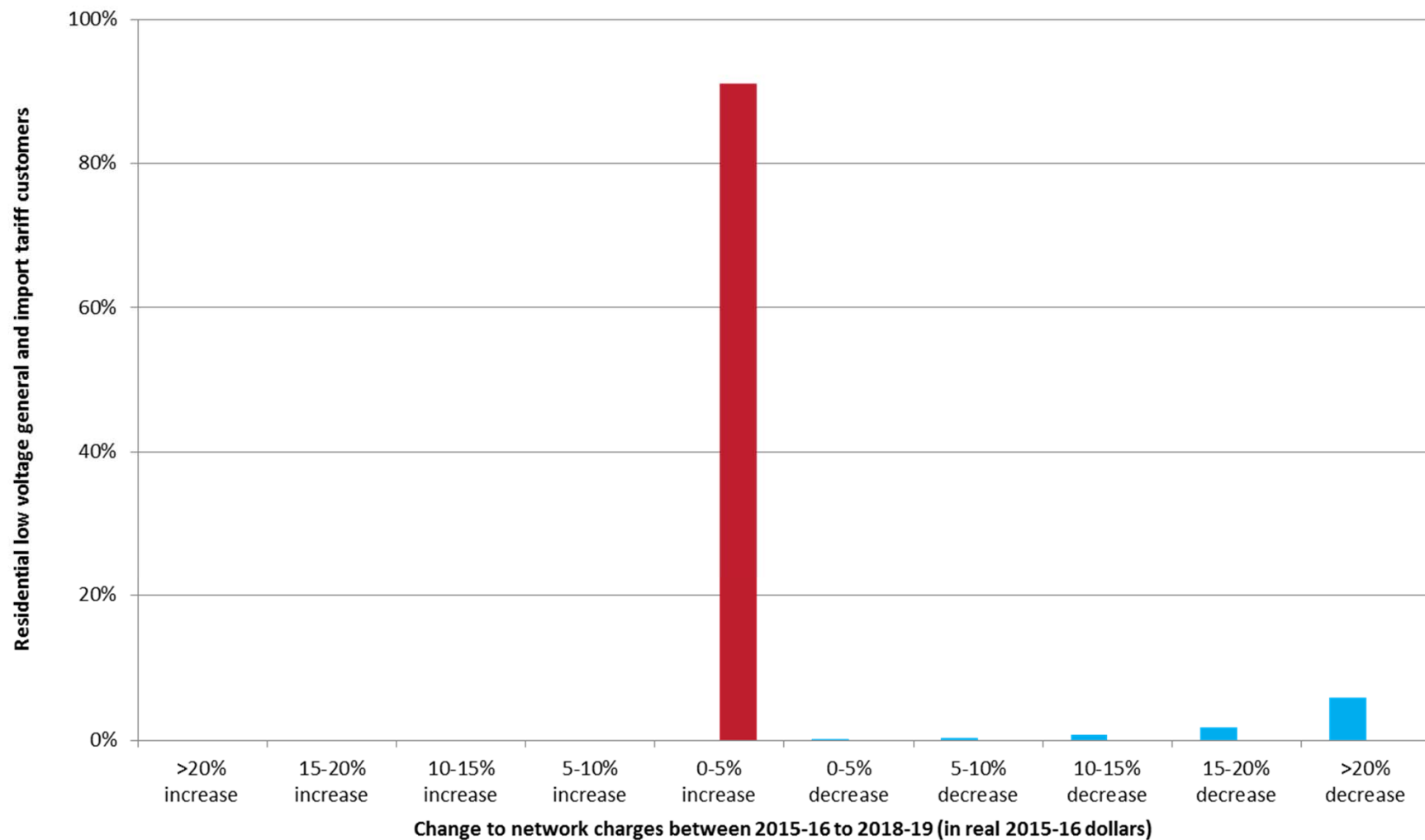
## Distribution: Residential customer impacts (TAS31)



# Residential customer impacts 2015-16 network charges vrs 2018-19

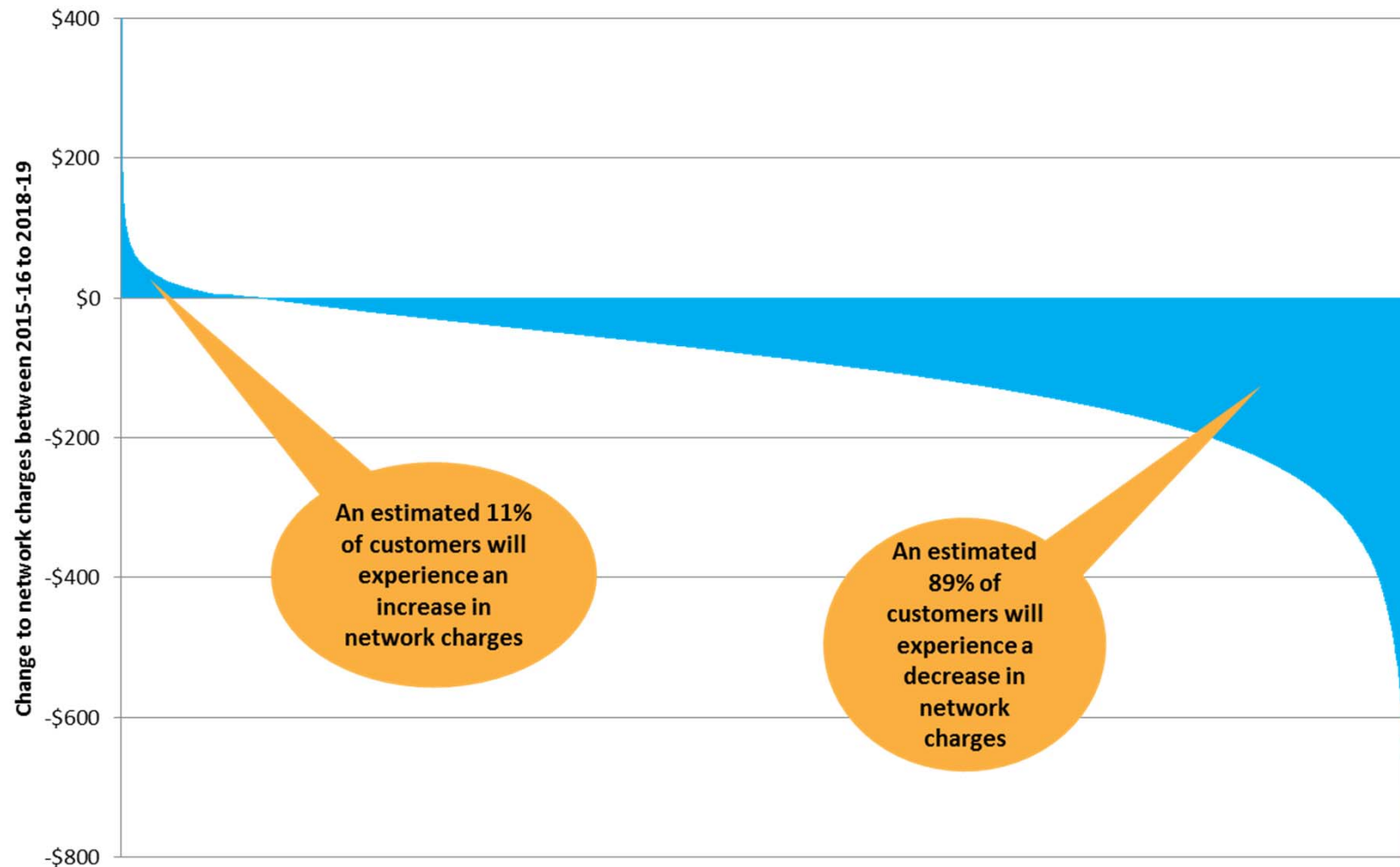


## Distribution: Residential customer impacts (TAS31/import (X1I))

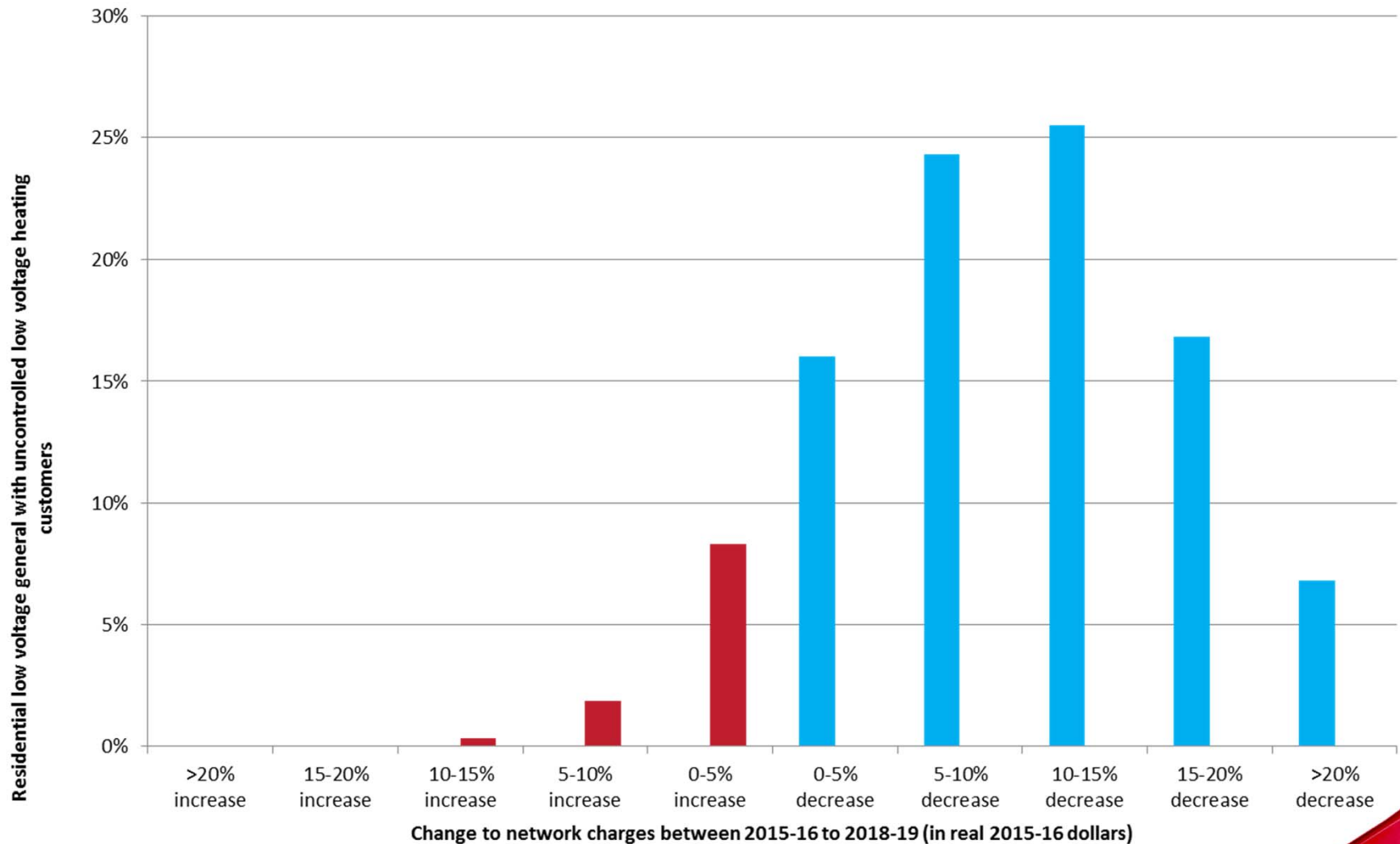


# Residential customer impacts 2015-16 network charges vrs 2018-19

Residential Customer Spread (TAS31/TAS41) (\$2015-16)

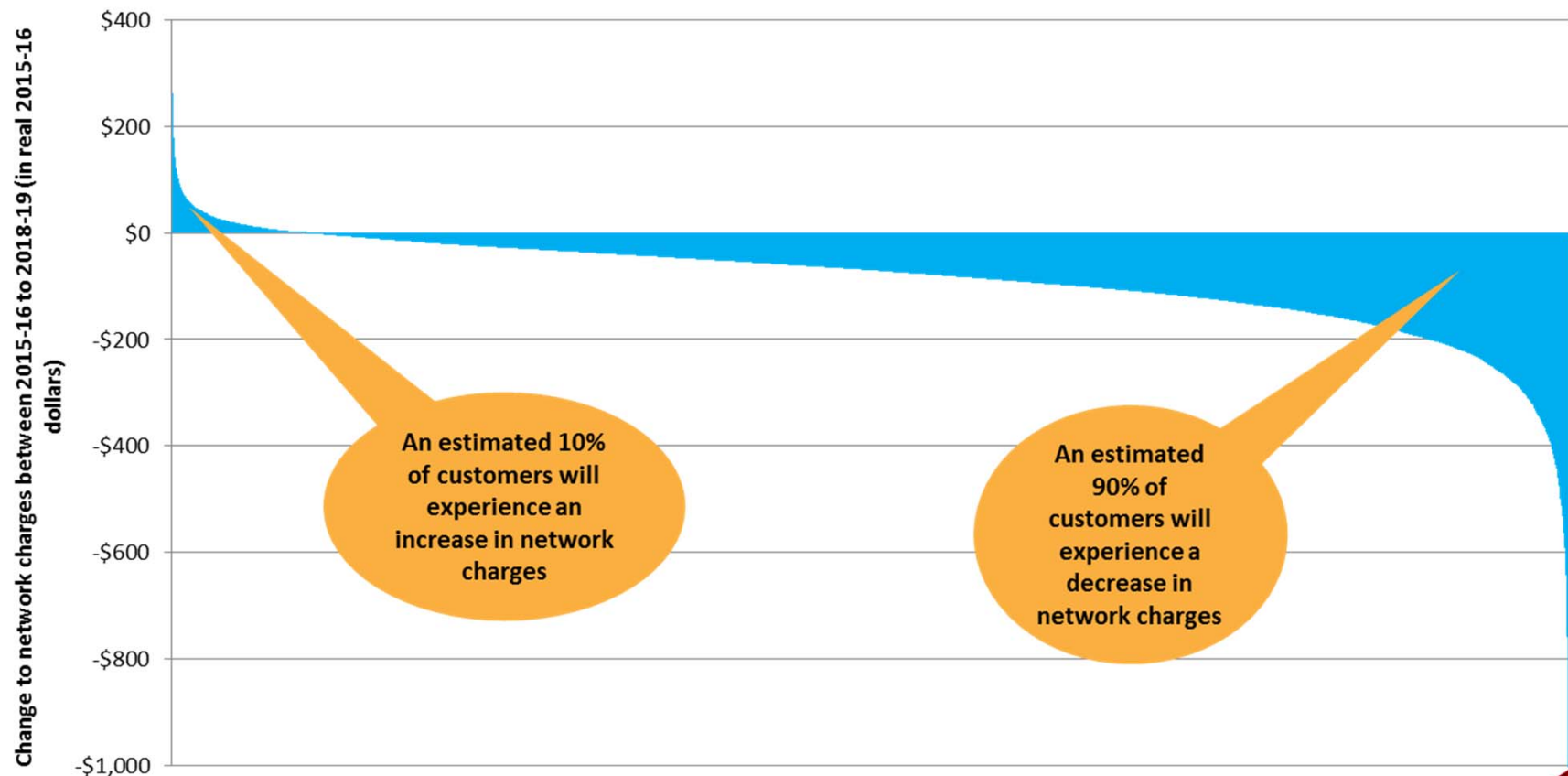


## Distribution: Residential customer impacts (TAS31/TAS41)



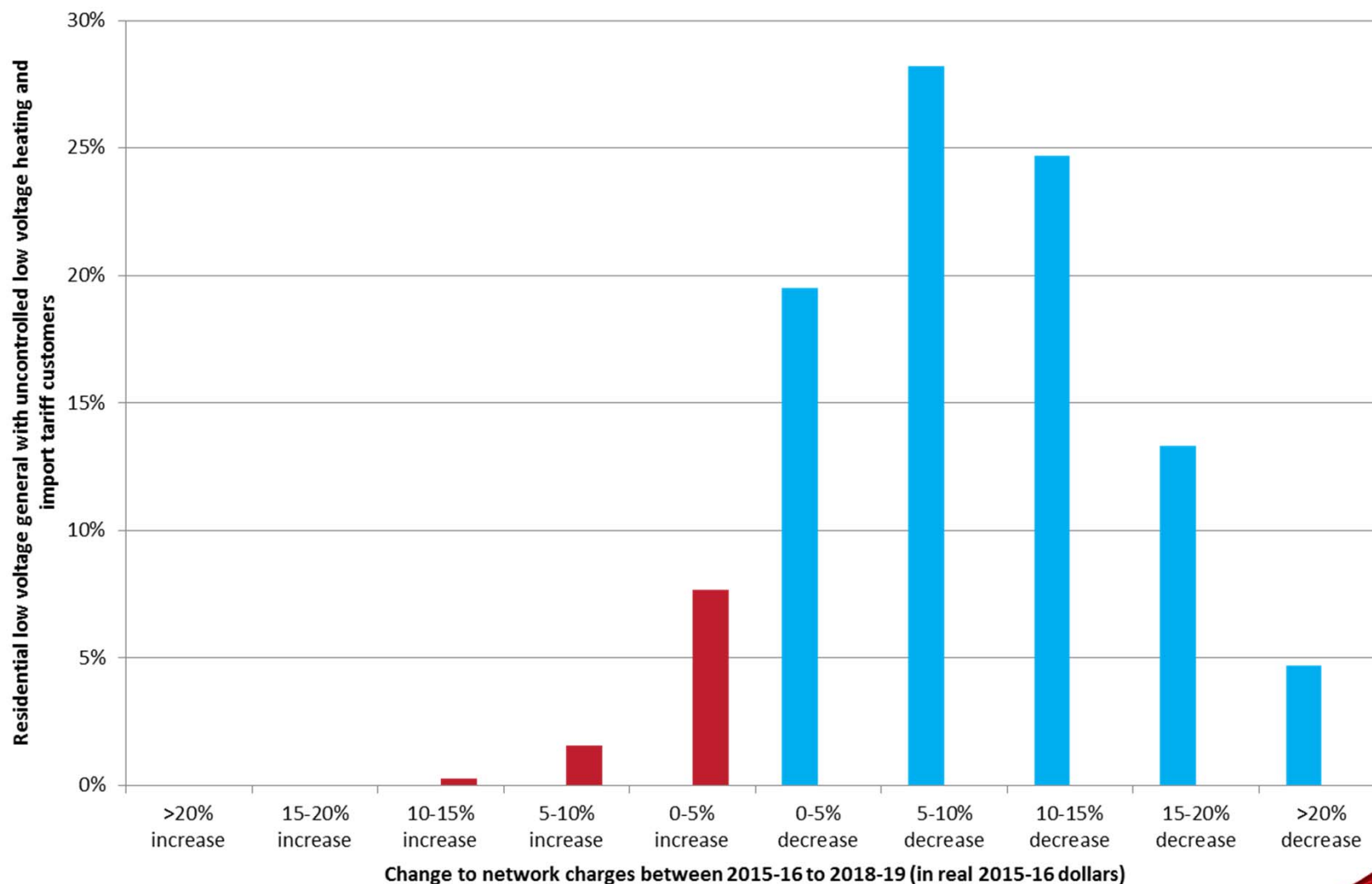
# Residential customer impacts 2015-16 network charges vrs 2018-19

## Residential Low Voltage General with Uncontrolled Low Voltage Heating and Import Tariff Customer Spread (TAS31/TAS41/Import) (\$2015-16)



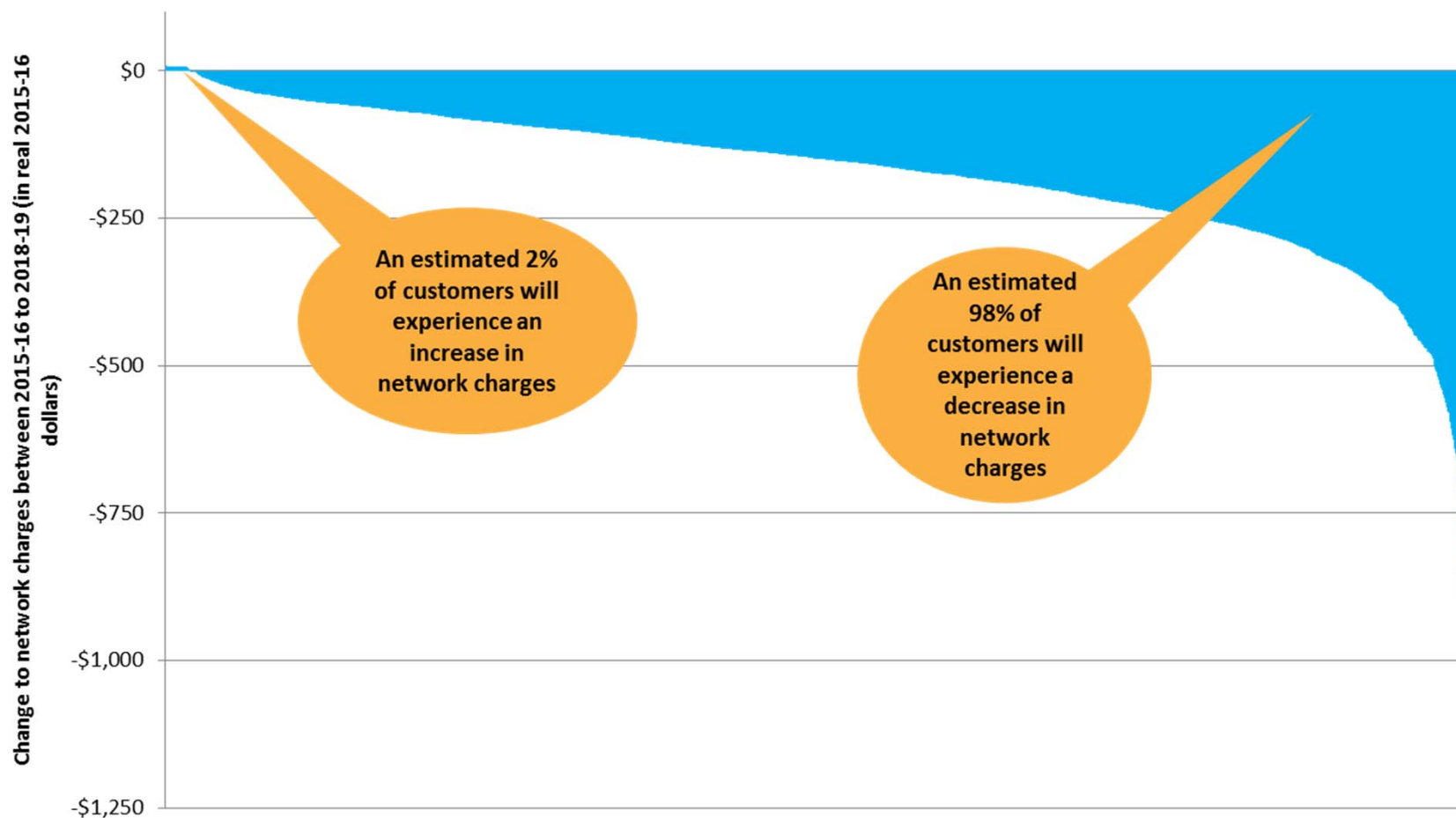


## Distribution: Residential customer impacts (TAS31/TAS41/TASX1I)

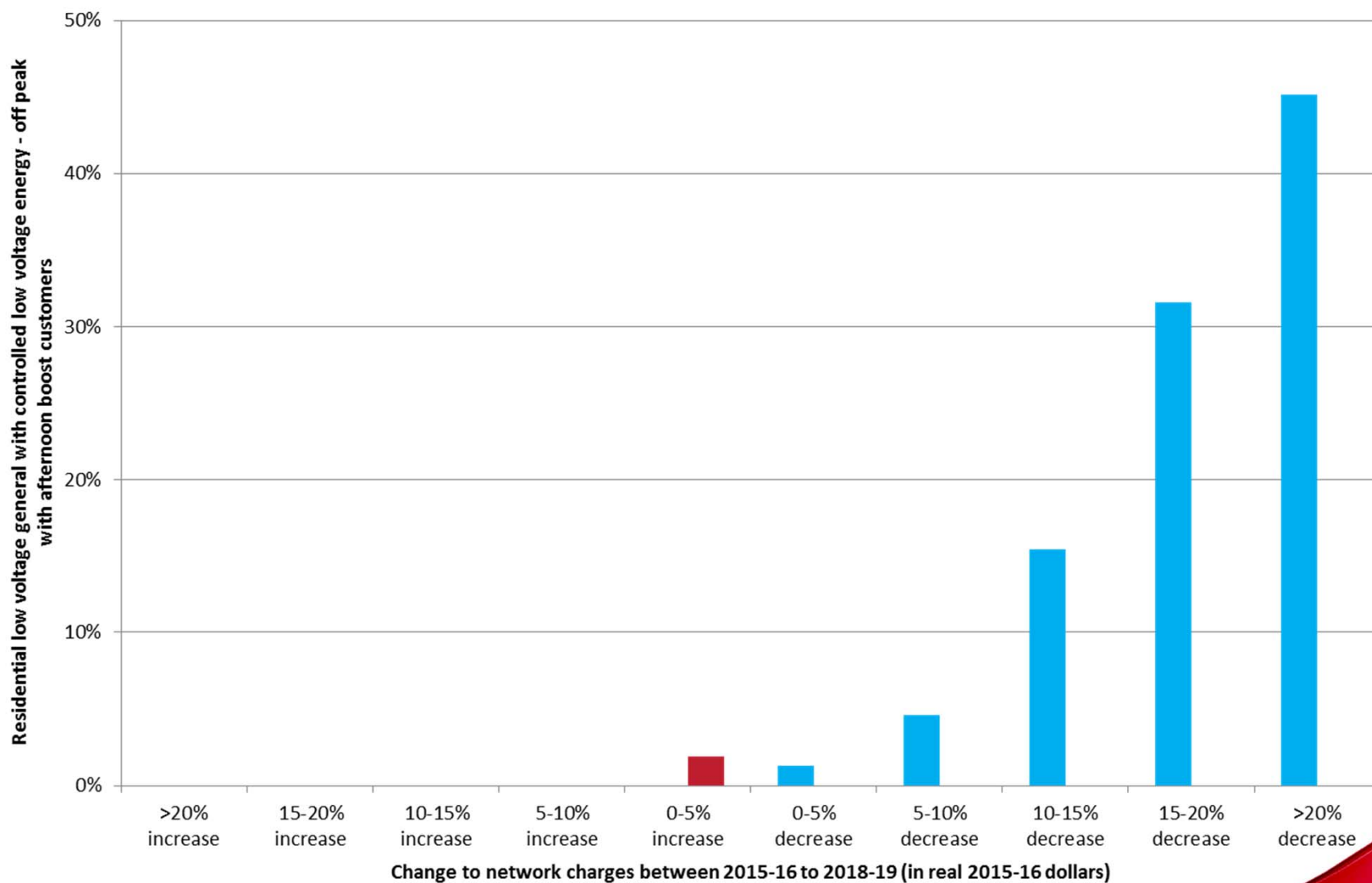


# Residential customer impacts 2015-16 network charges vrs 2018-19

## Residential Light & Power and Controlled LV Energy (off-peak) Customer Spread (TAS31/TAS61) (\$2015-16)

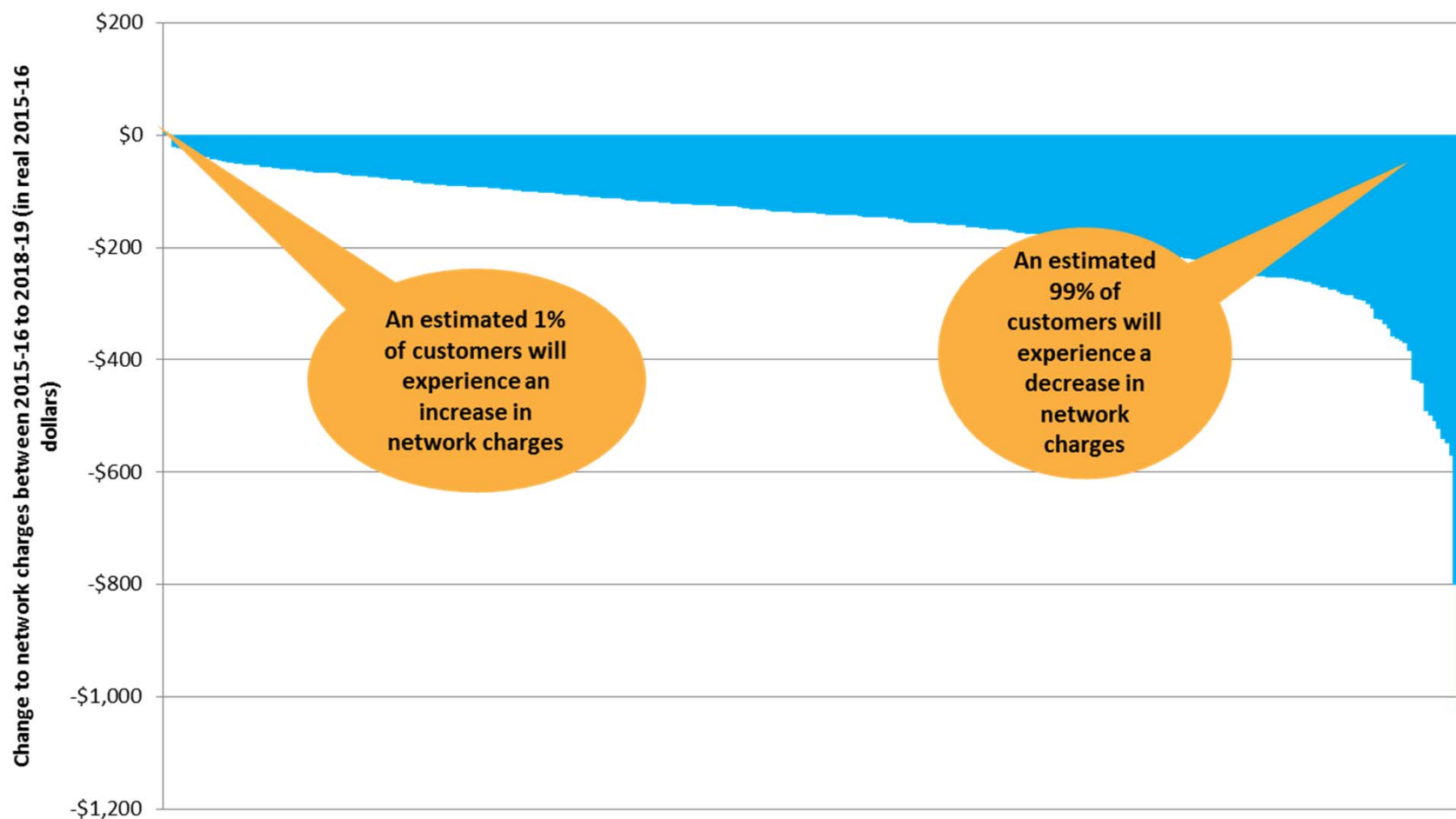


## Distribution: Residential customer spread (TAS31/TAS61)

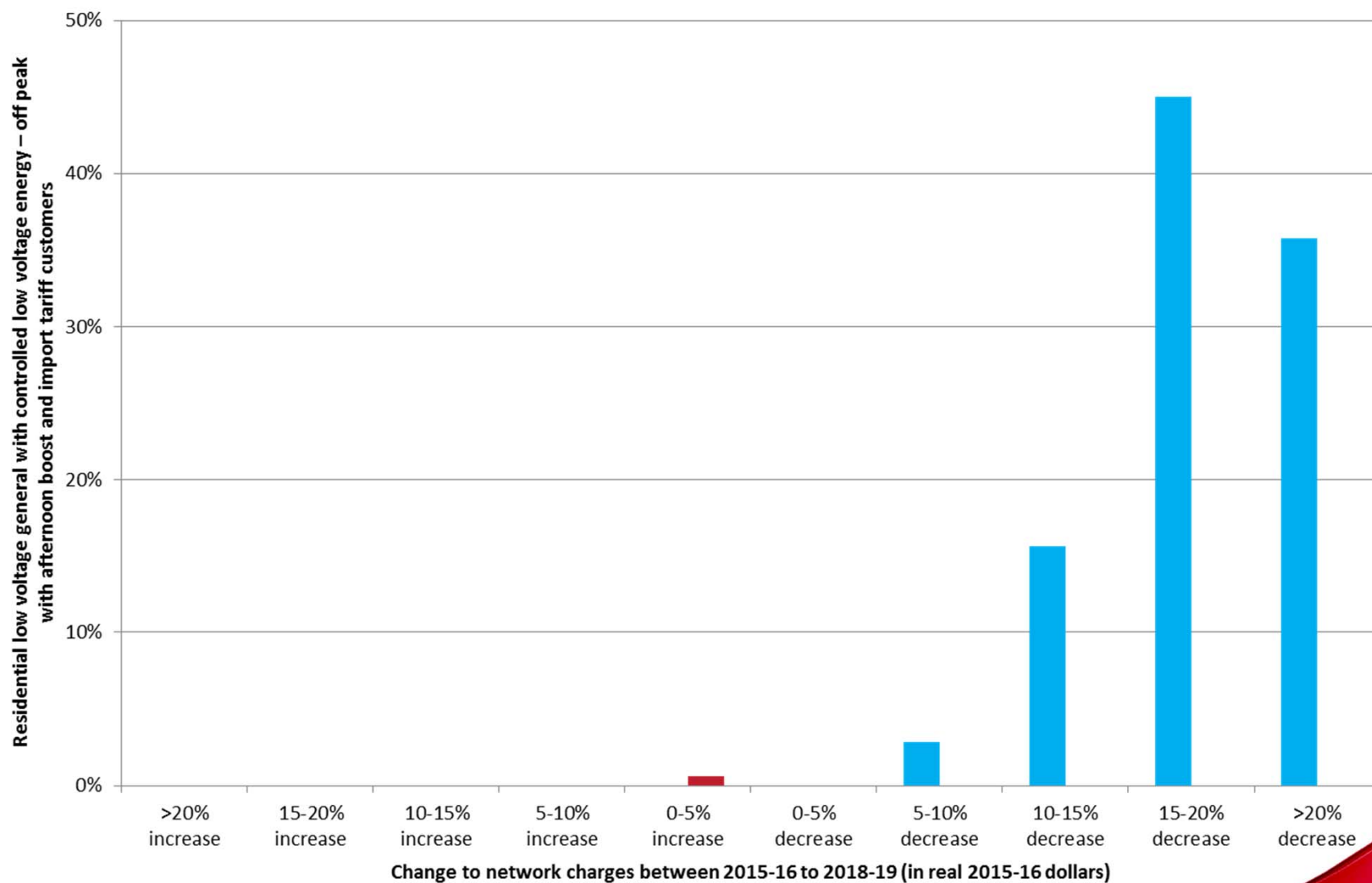


# Residential customer impacts 2015-16 network charges vrs 2018-19

## Residential LV General with Controlled LV Energy and Import Tariff Customer Spread (TAS31/TAS61/TASX1I or TASX4I) (\$2015-16)

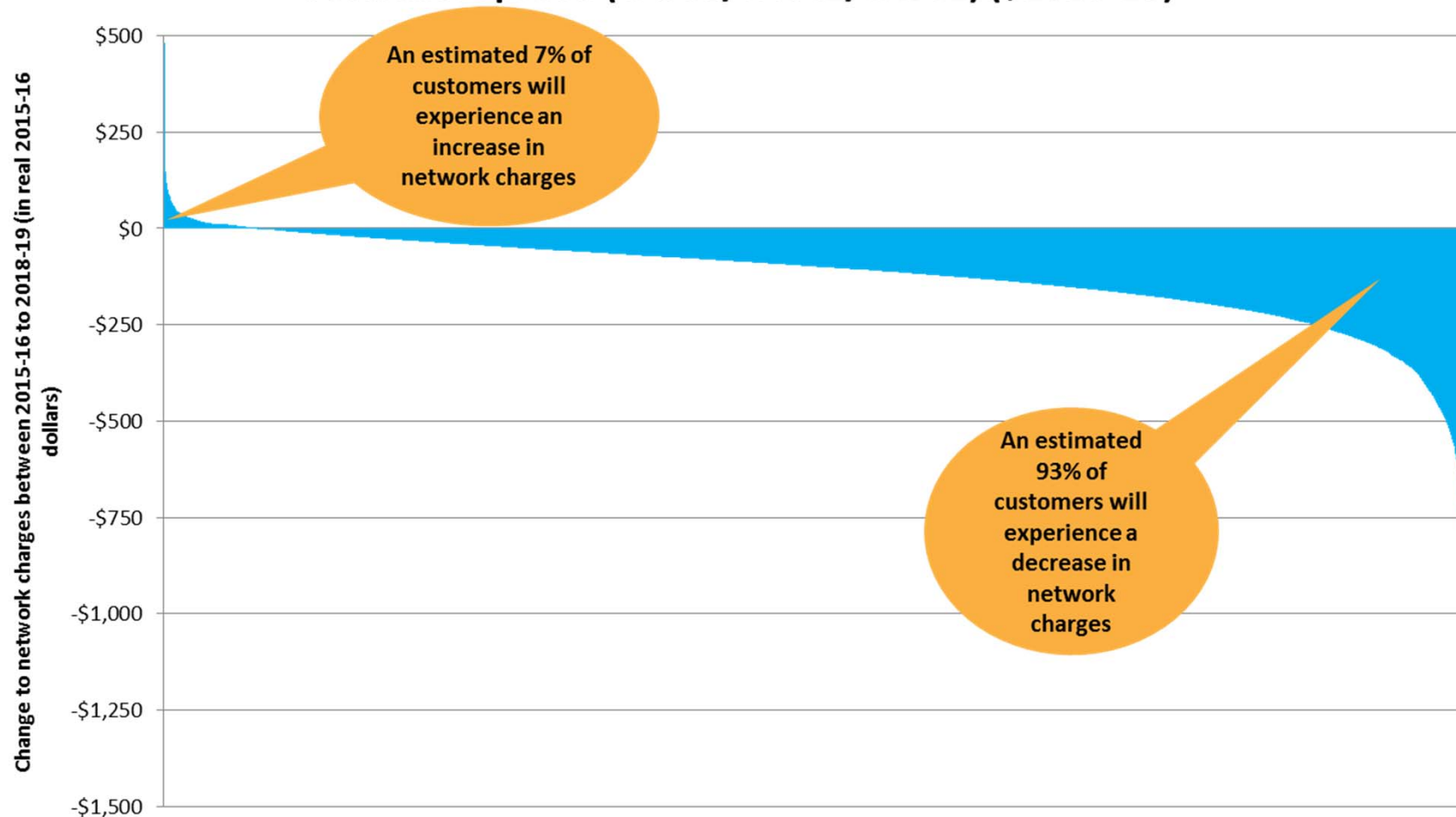


## Distribution: Residential customer spread (TAS31/TAS61/import)

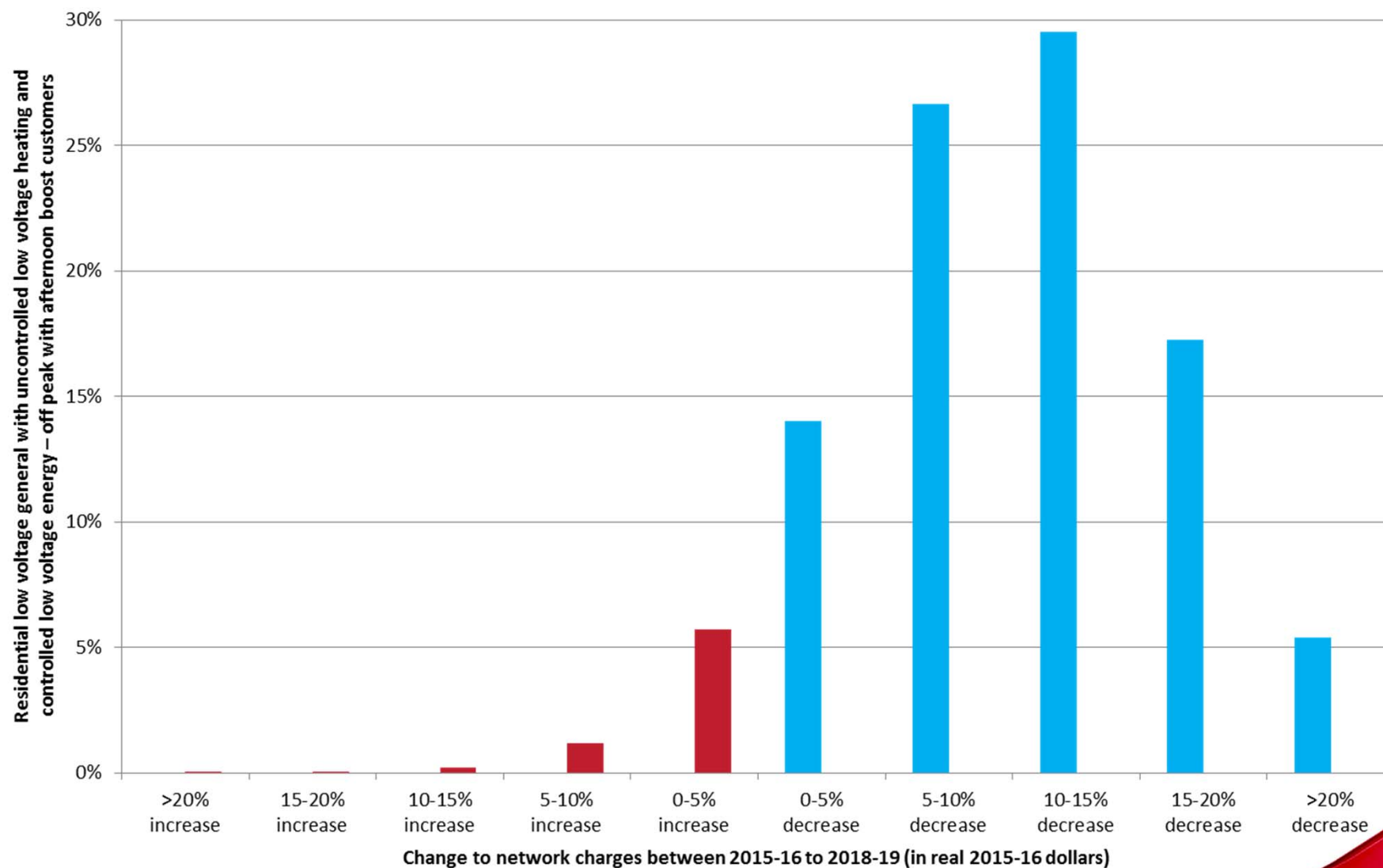


# Residential customer impacts 2015-16 network charges vrs 2018-19

## Residential LV General/Uncontrolled LV Heating/Controlled LV Energy Customer Spread (TAS31/TAS41/TAS61) (\$2015-16)



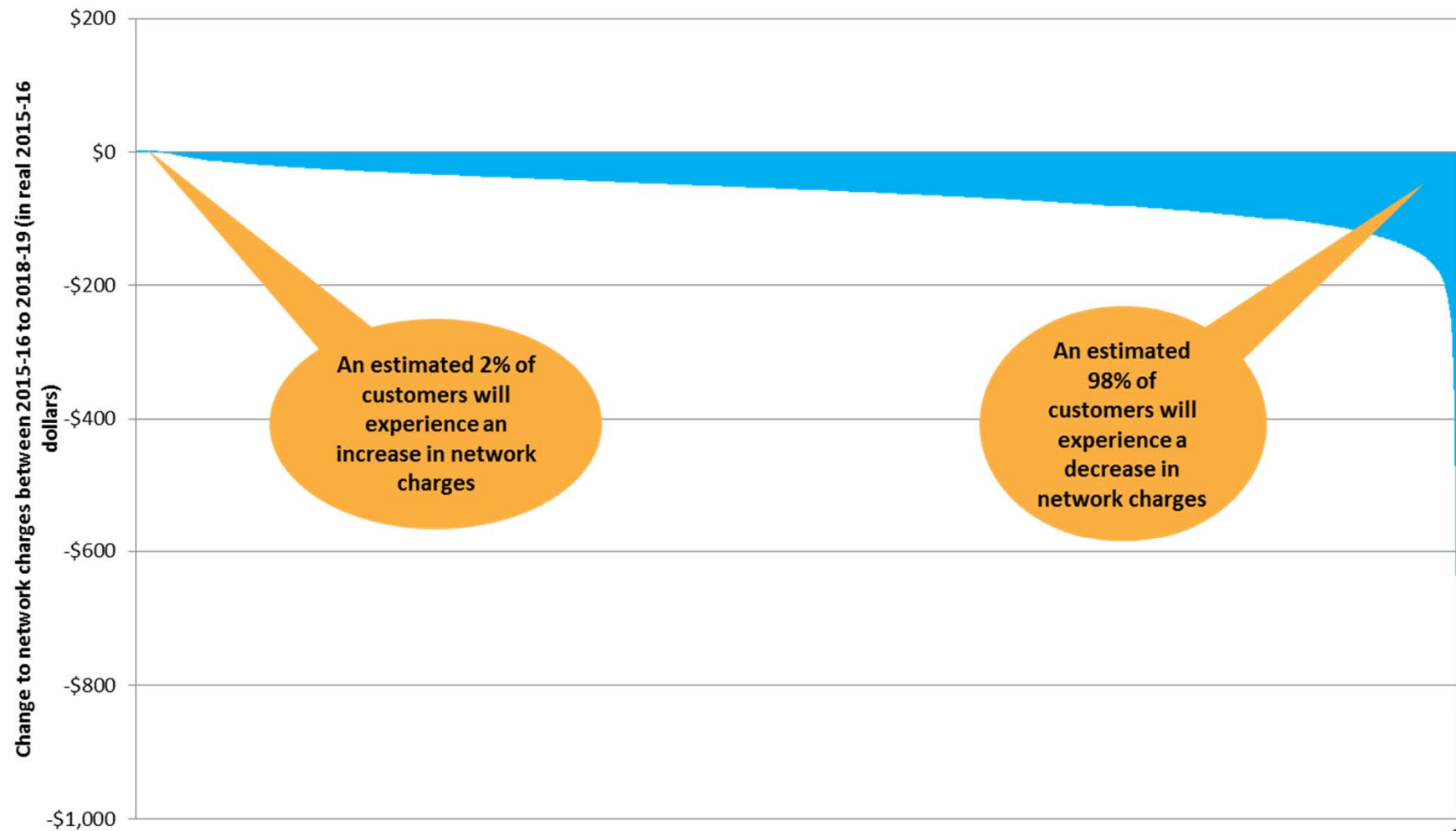
## Distribution: Residential customer spread (TAS31/TAS41/TAS61)



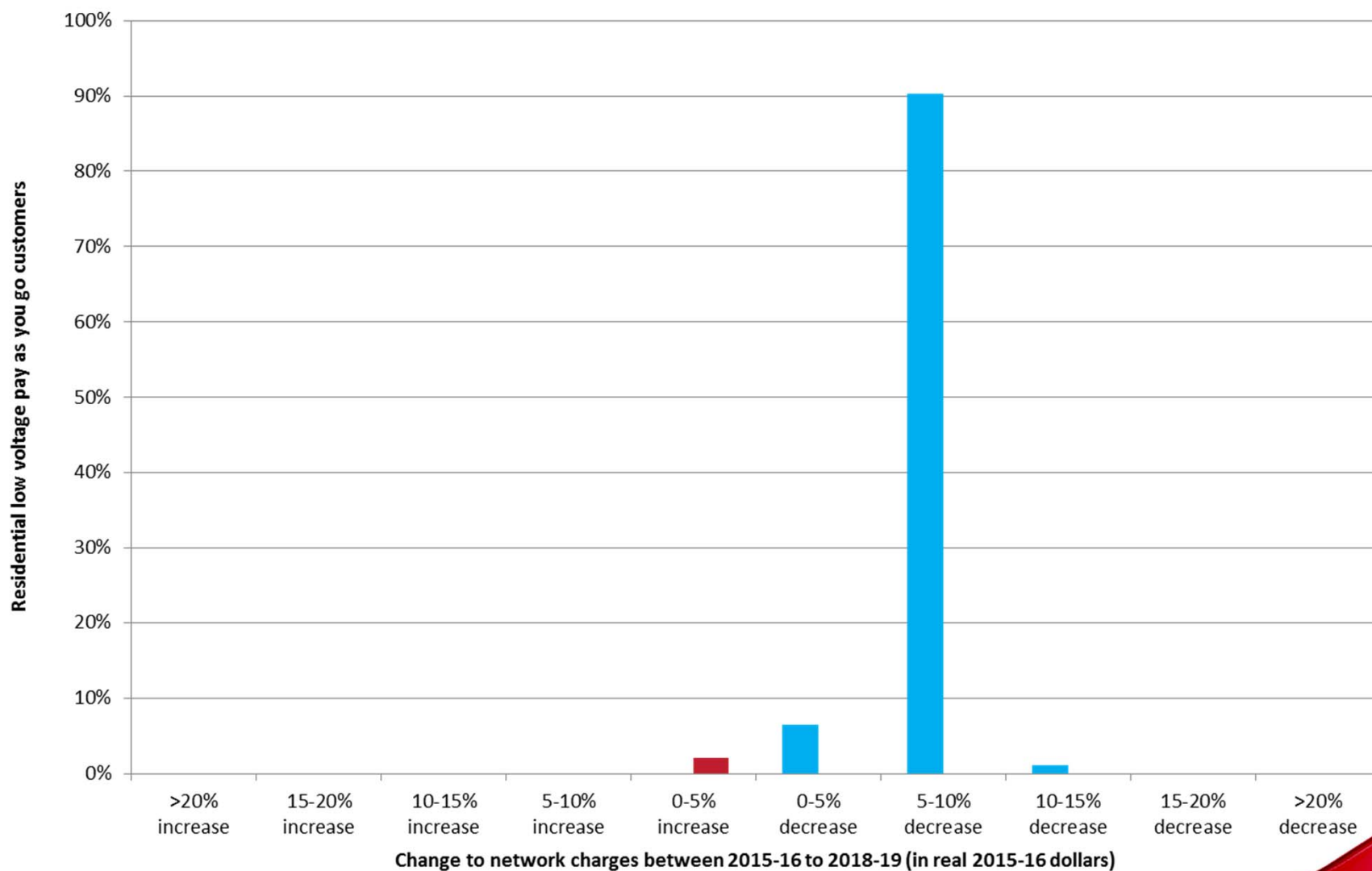


# Residential customer impacts 2015-16 network charges vrs 2018-19

Residential Low Voltage Pay As You Go Customer Spread (TAS101) (\$2015-16)

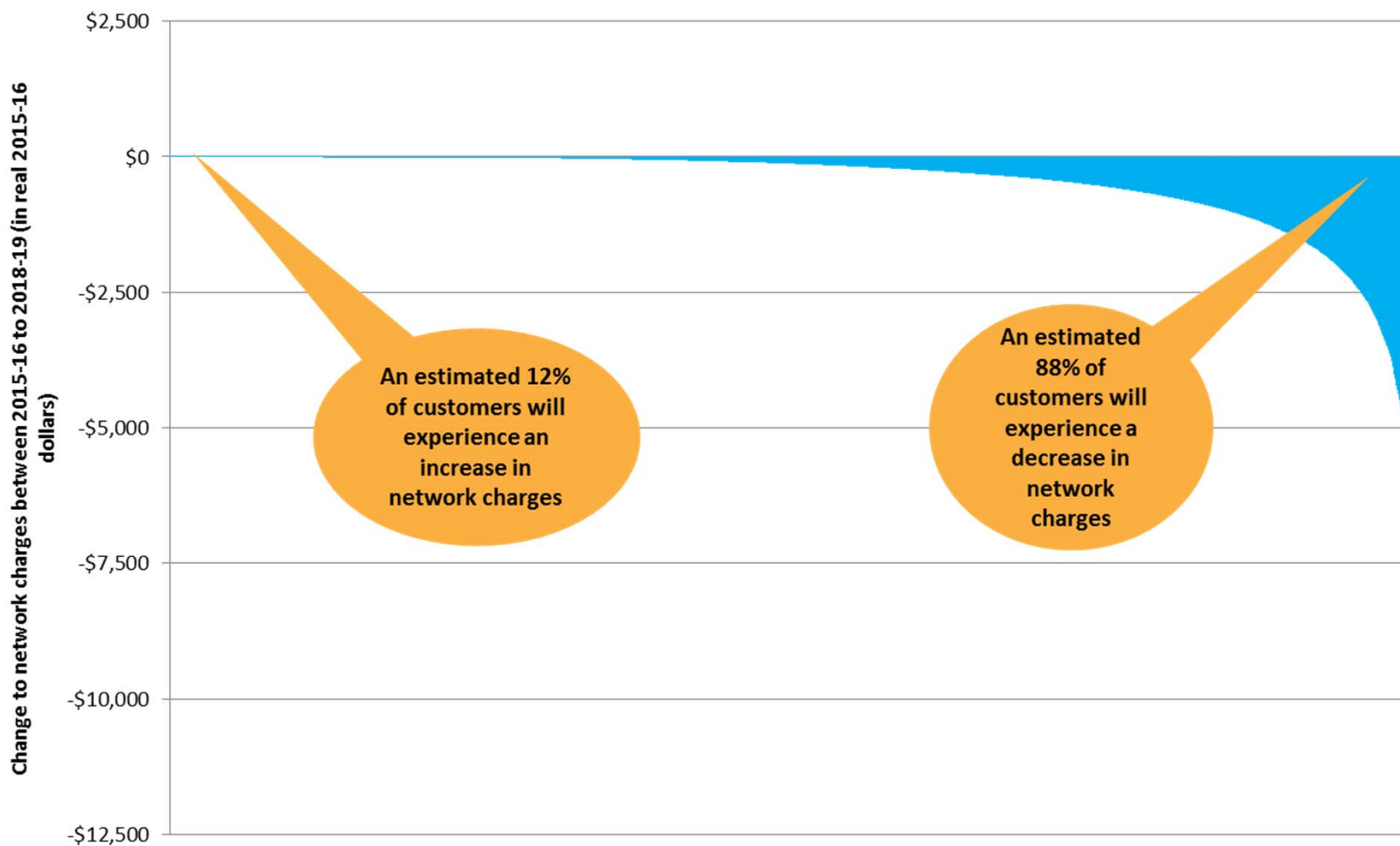


## Distribution: Residential customer spread (PAYG TAS101)

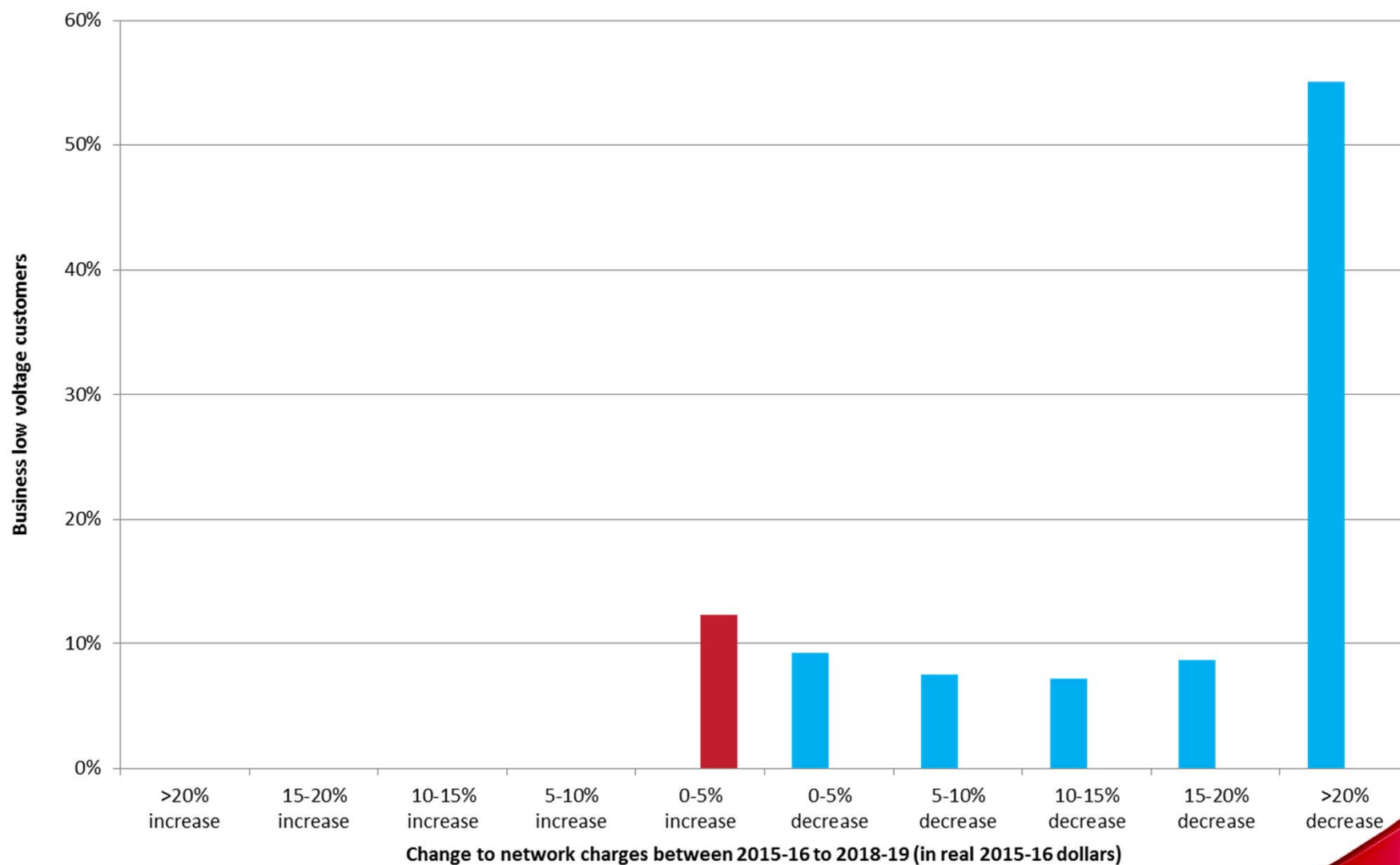


# Business LV customer impacts 2015-16 network charges versus 2018-19

## Business LV General Customer Spread (TAS22) (\$2015-16)

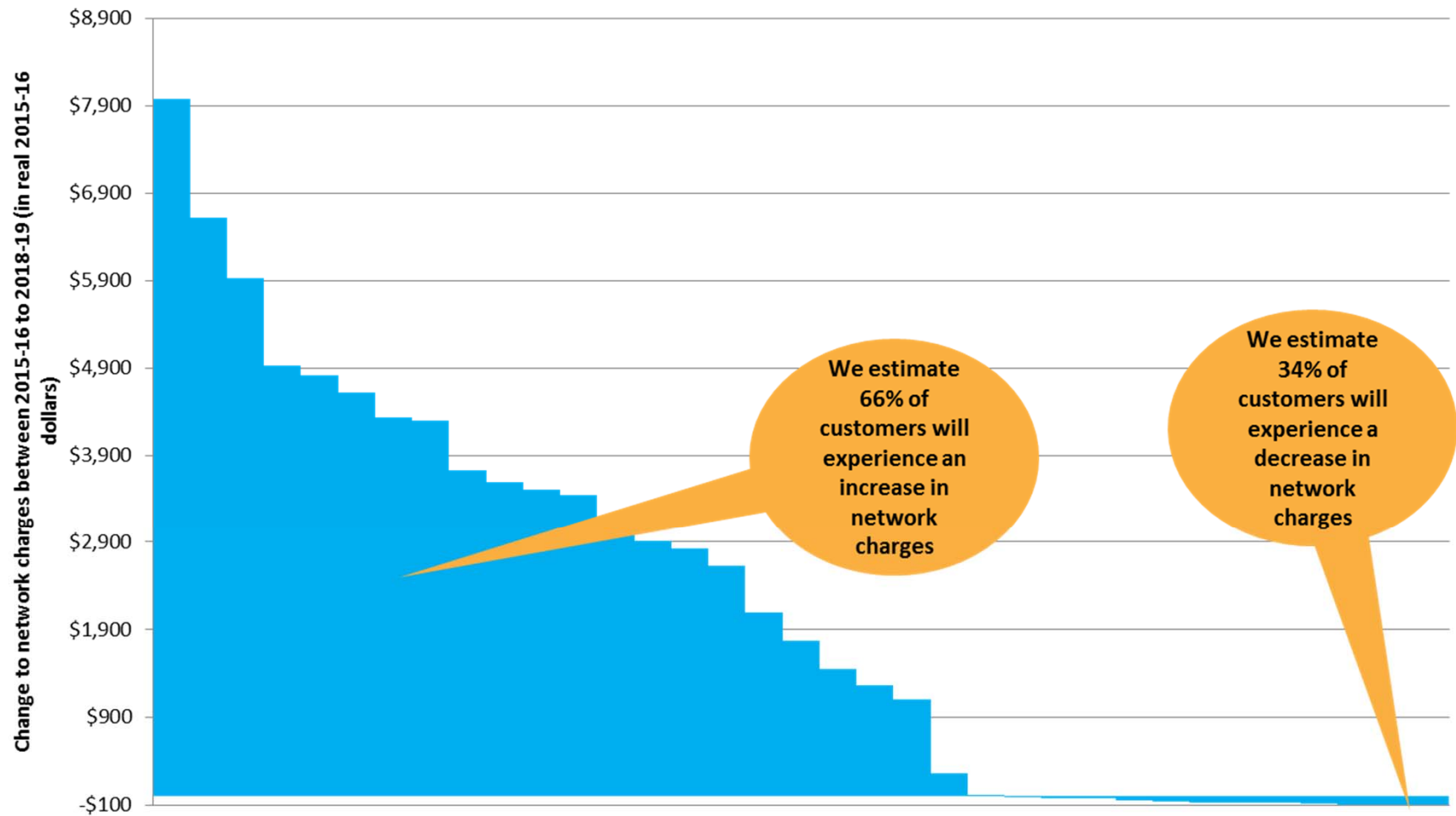


## Distribution: Business LV customer spread (TAS22)

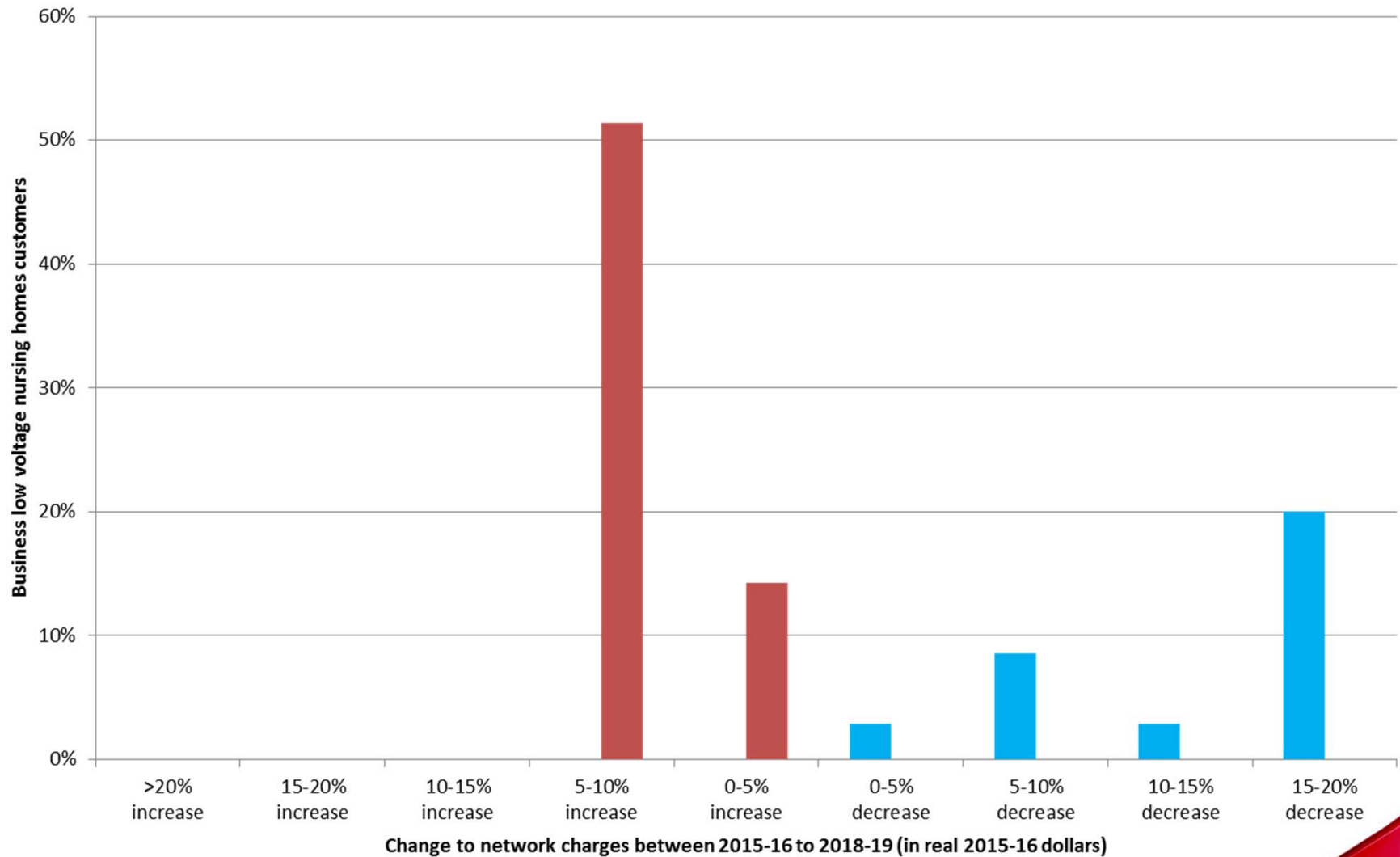


## Business LV Nursing Home customer impacts 2015-16 network charges versus 2018-19

### Business Low Voltage Nursing Homes Customer Spread (\$2015-16)

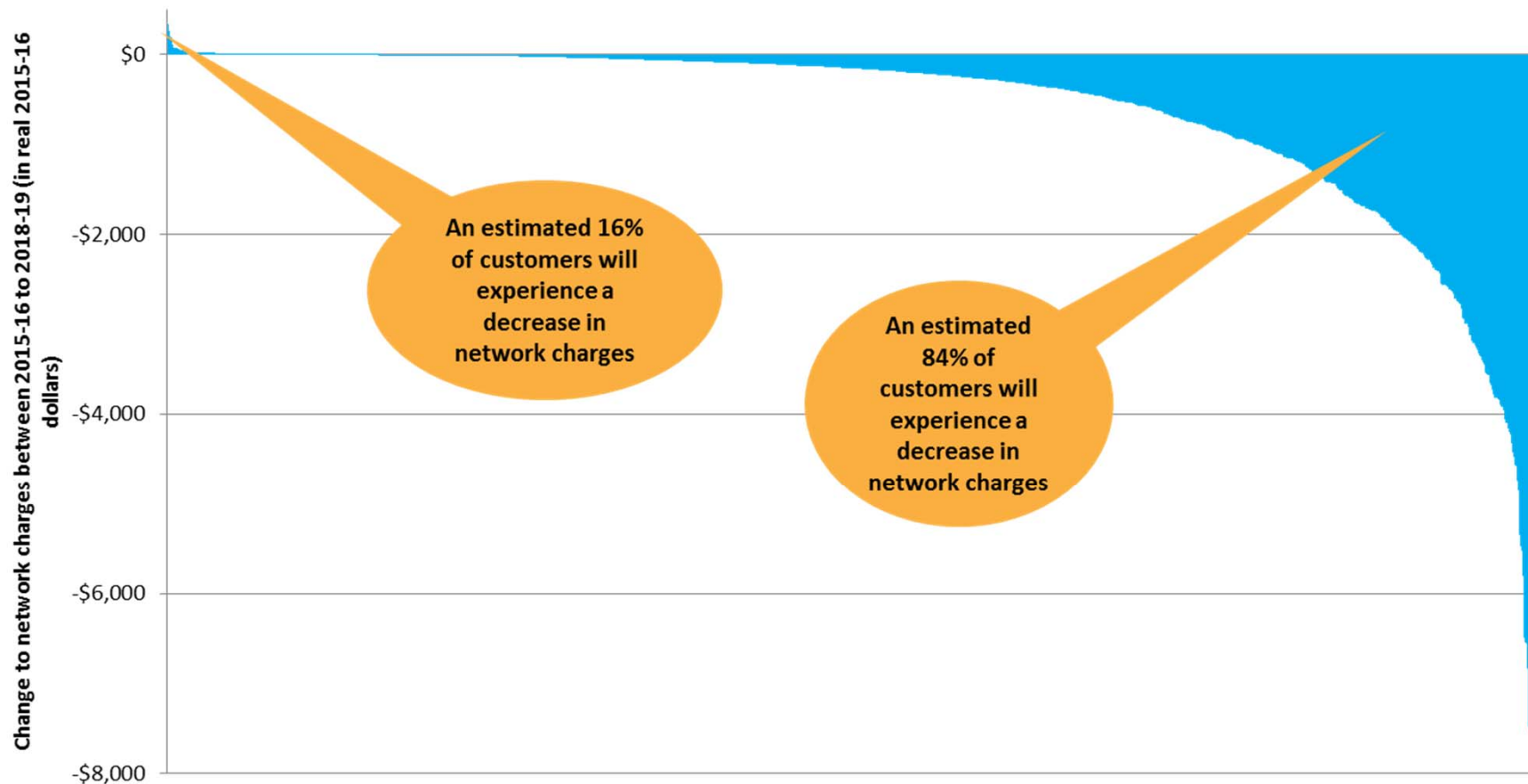


## Distribution: Business LV Nursing Home customer spread (TAS34)

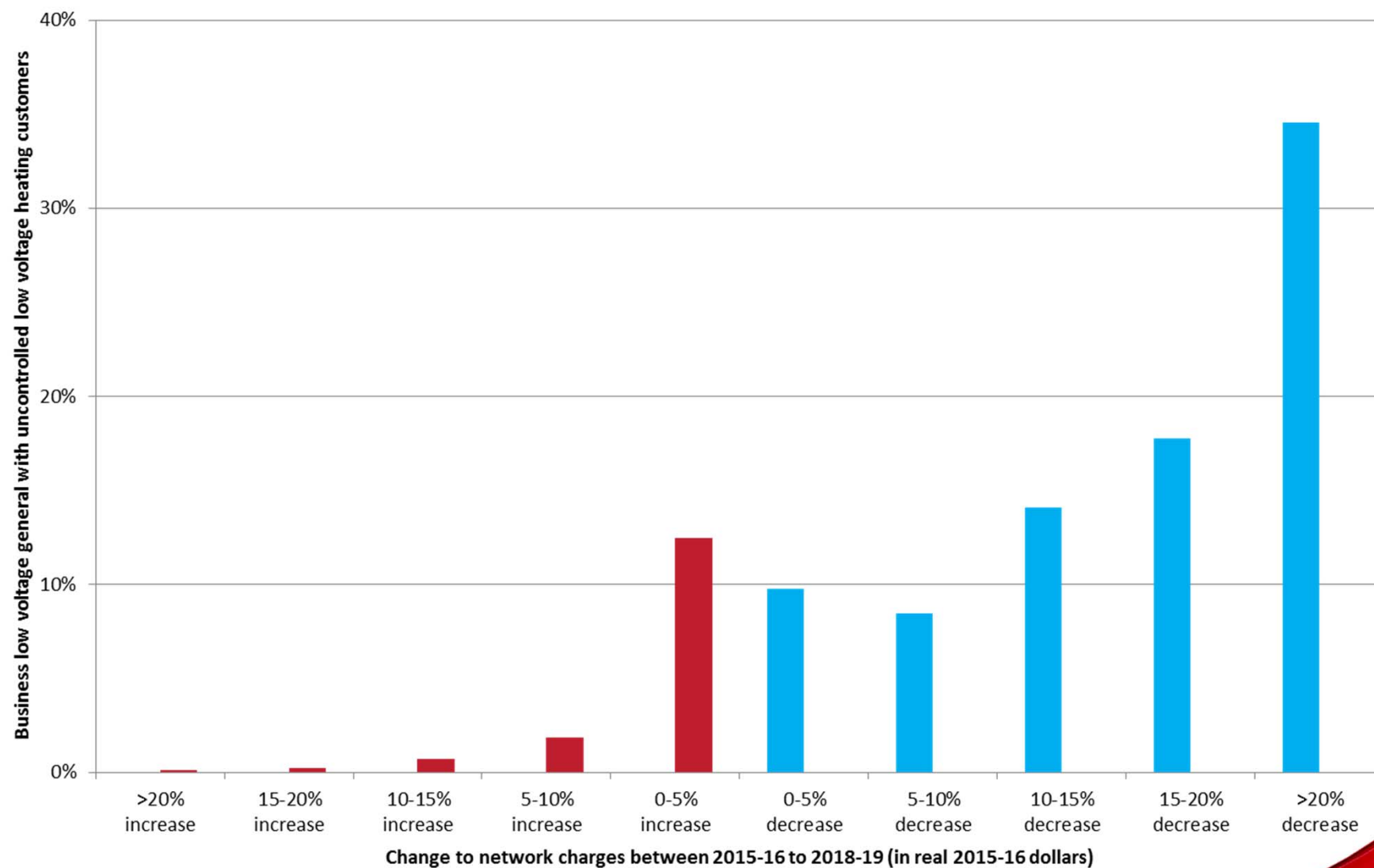


# Business LV customer impacts 2015-16 network charges versus 2018-19

## Business LV General with Uncontrolled LV Heating Customer Spread (TAS22/TAS41) (\$2015-16)

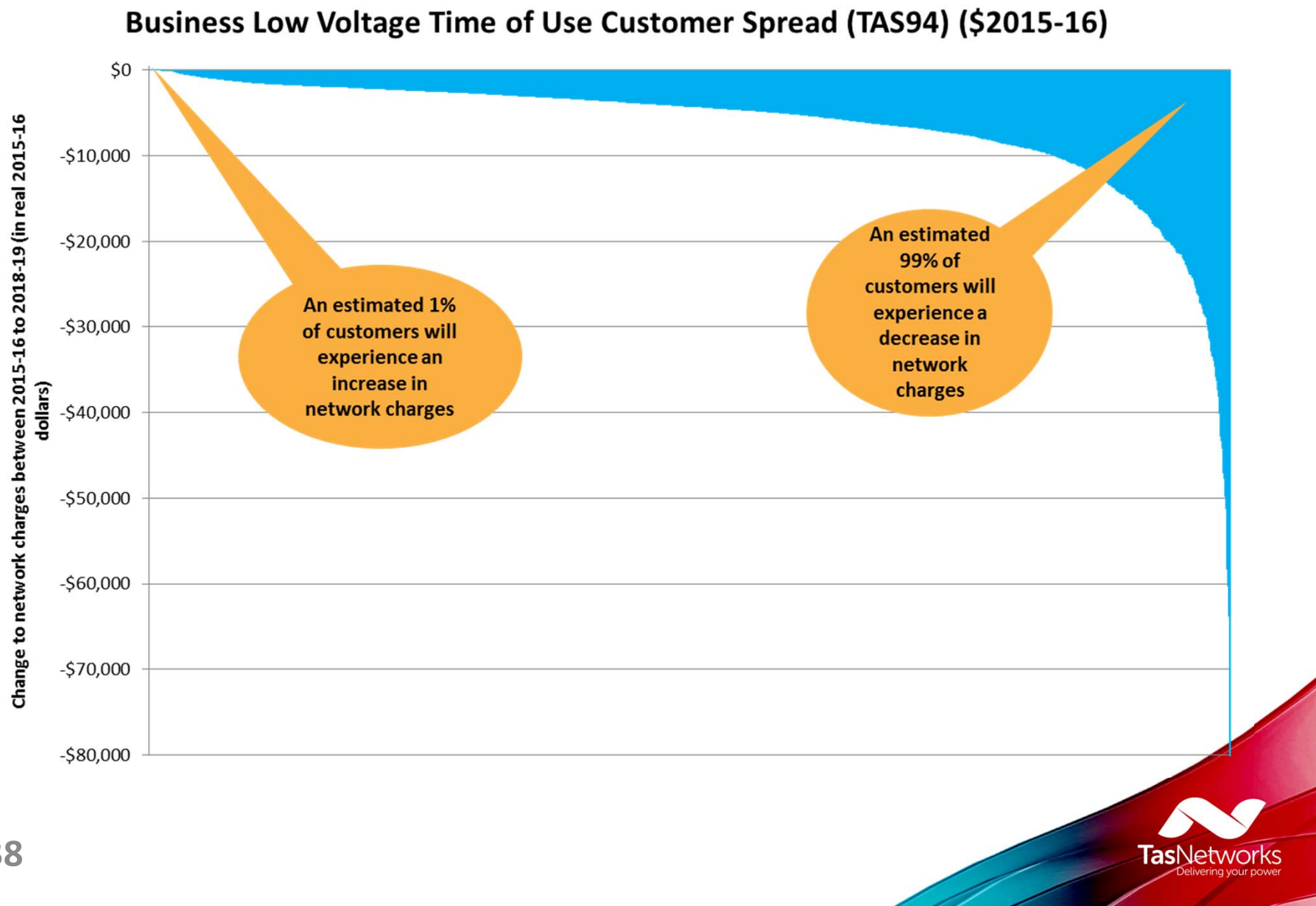


## Distribution: Business LV customer spread (TAS22/TAS41)

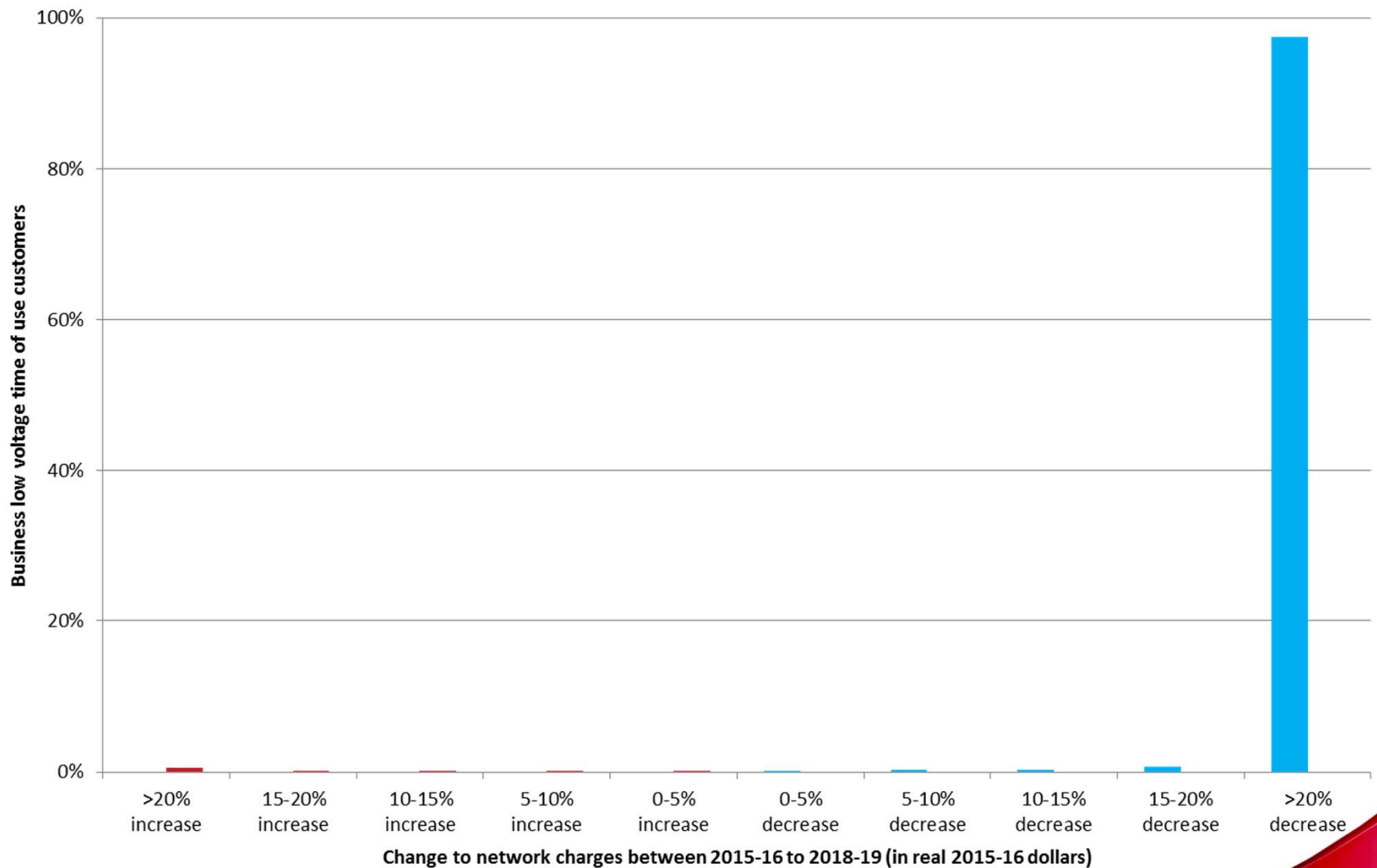




# Business ToU customer impacts 2015-16 network charges vrs 2018-19

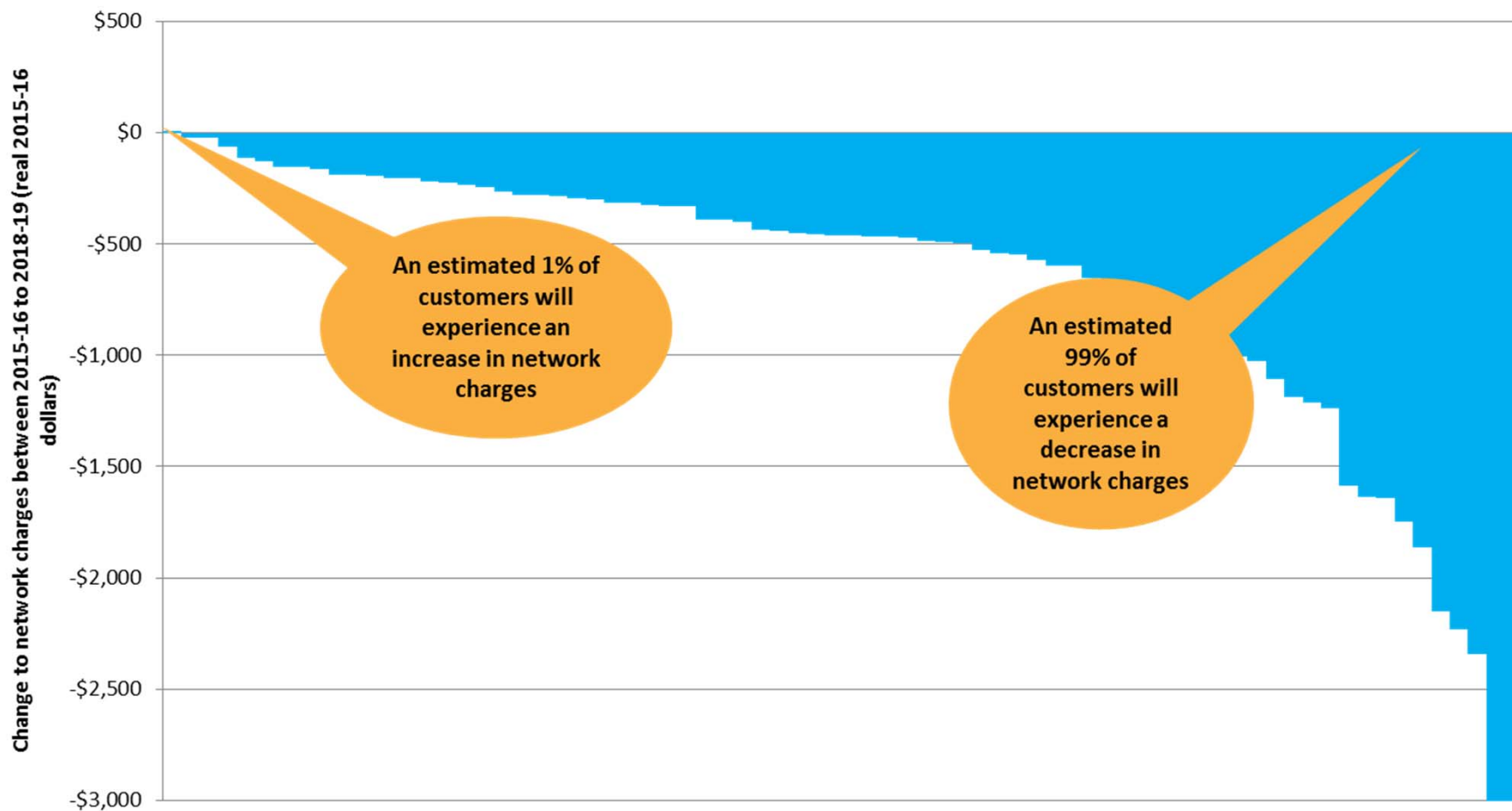


# Distribution: Business LV ToU customer spread (TAS94)

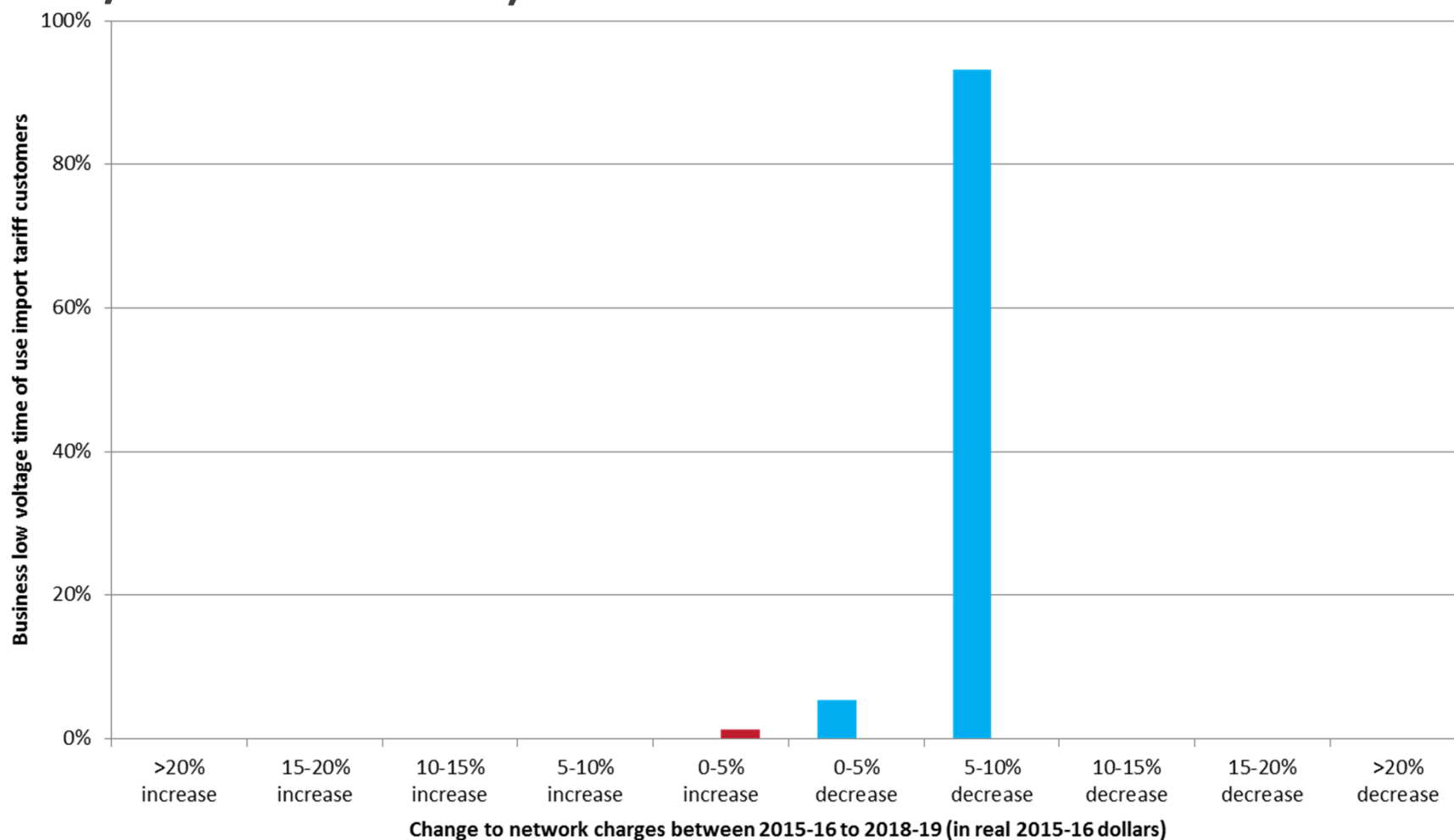


# Distribution: Business LV ToU & Import customer spread (TAS94/TASX2I)

## Business Low Voltage Time of Use and Import Tariff Customer Spread (TAS94/Import) (\$2015-16)

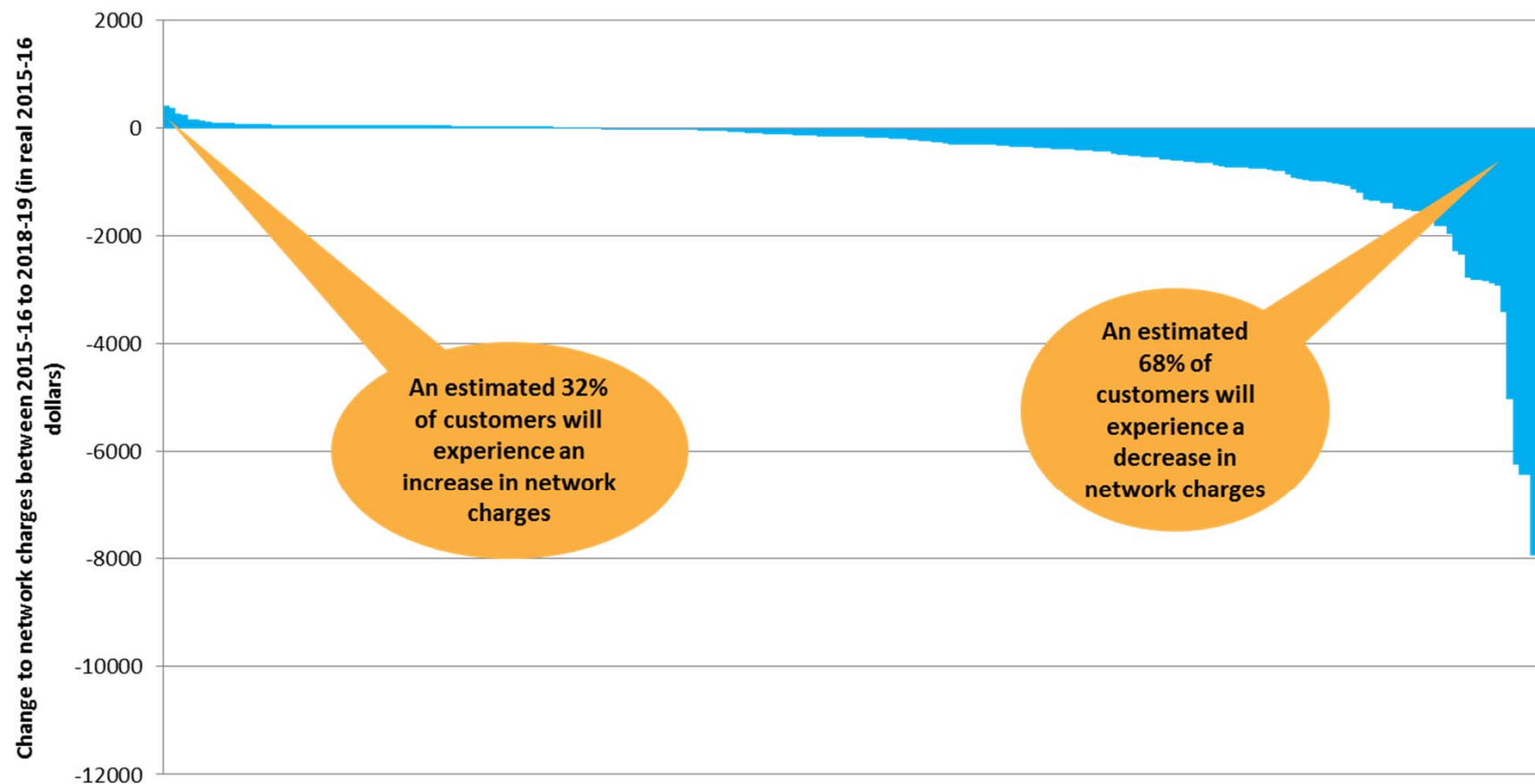


## Distribution: Business LV ToU & import customer spread (TAS94/TASX21 or TASX5I)

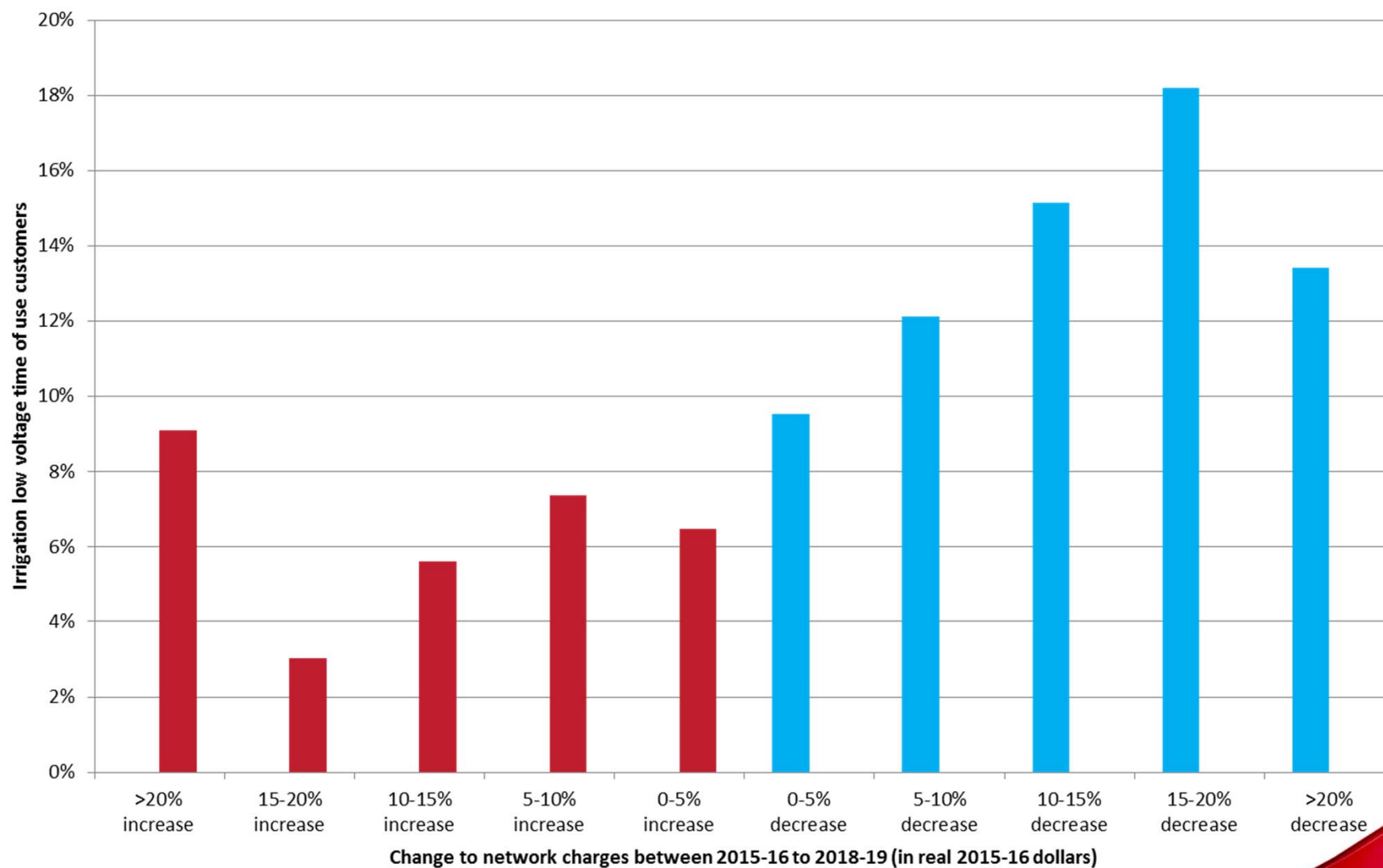


# Irrigation customer impacts 2015-16 network charges vrs 2018-19

**Irrigation Low Voltage Time of Use Customer Spread (TAS75) (\$2015-16)**

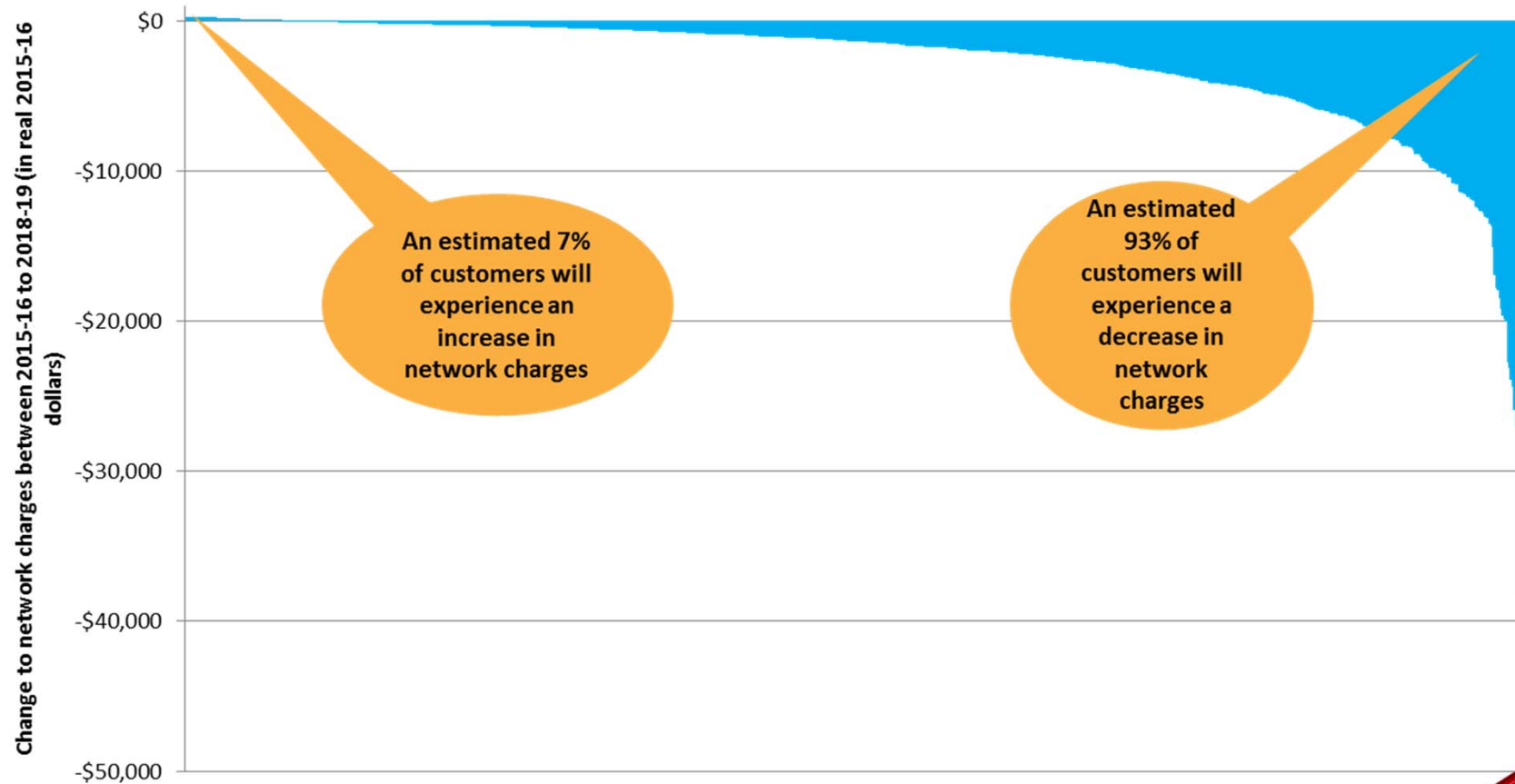


# Distribution: Irrigation ToU customer spread (TAS75)

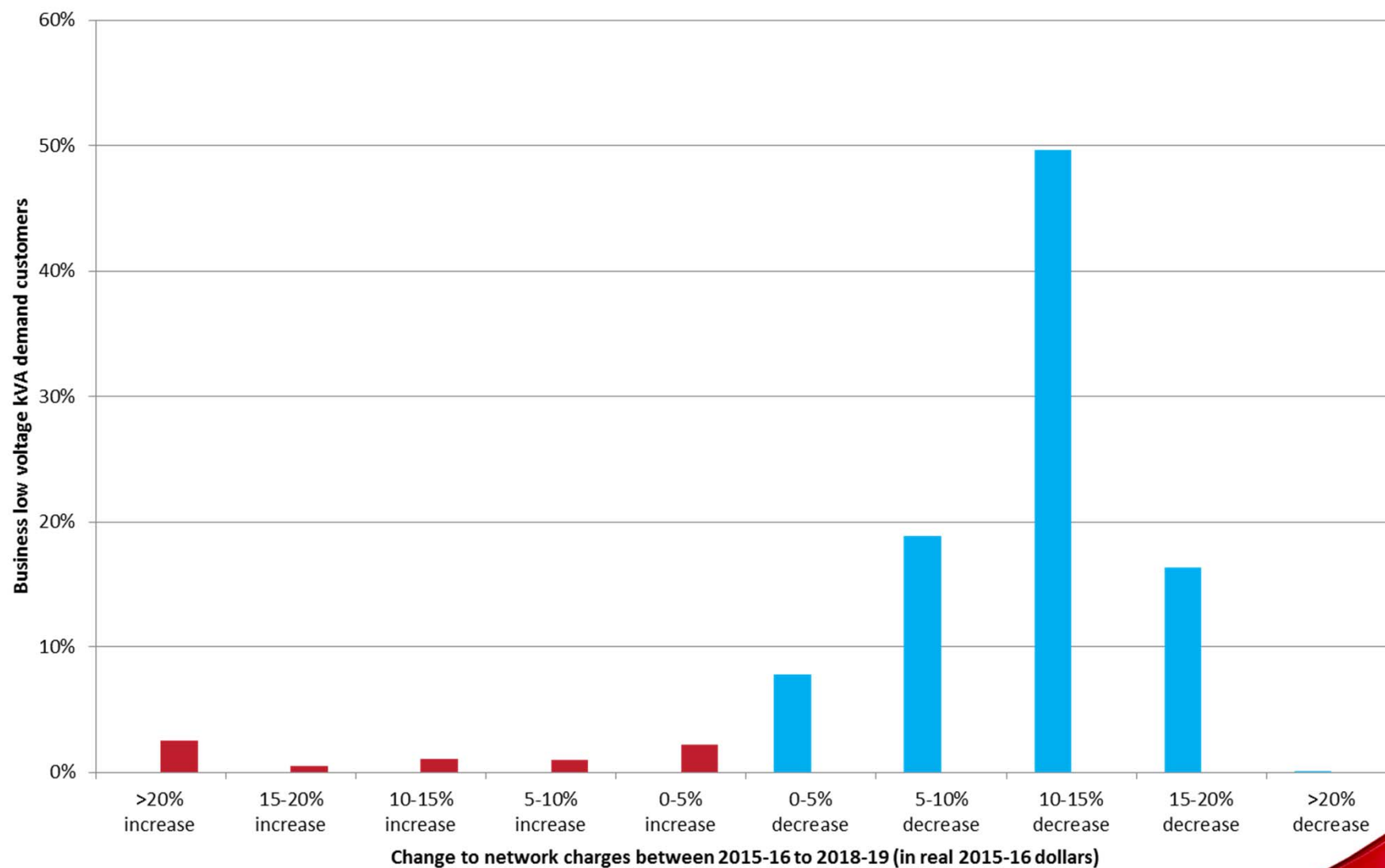


# Business LV Demand customer impacts 2015-16 network charges vrs 2018-19

## Business Low Voltage kVA Demand Customer Spread (TAS82) (\$2015-16)



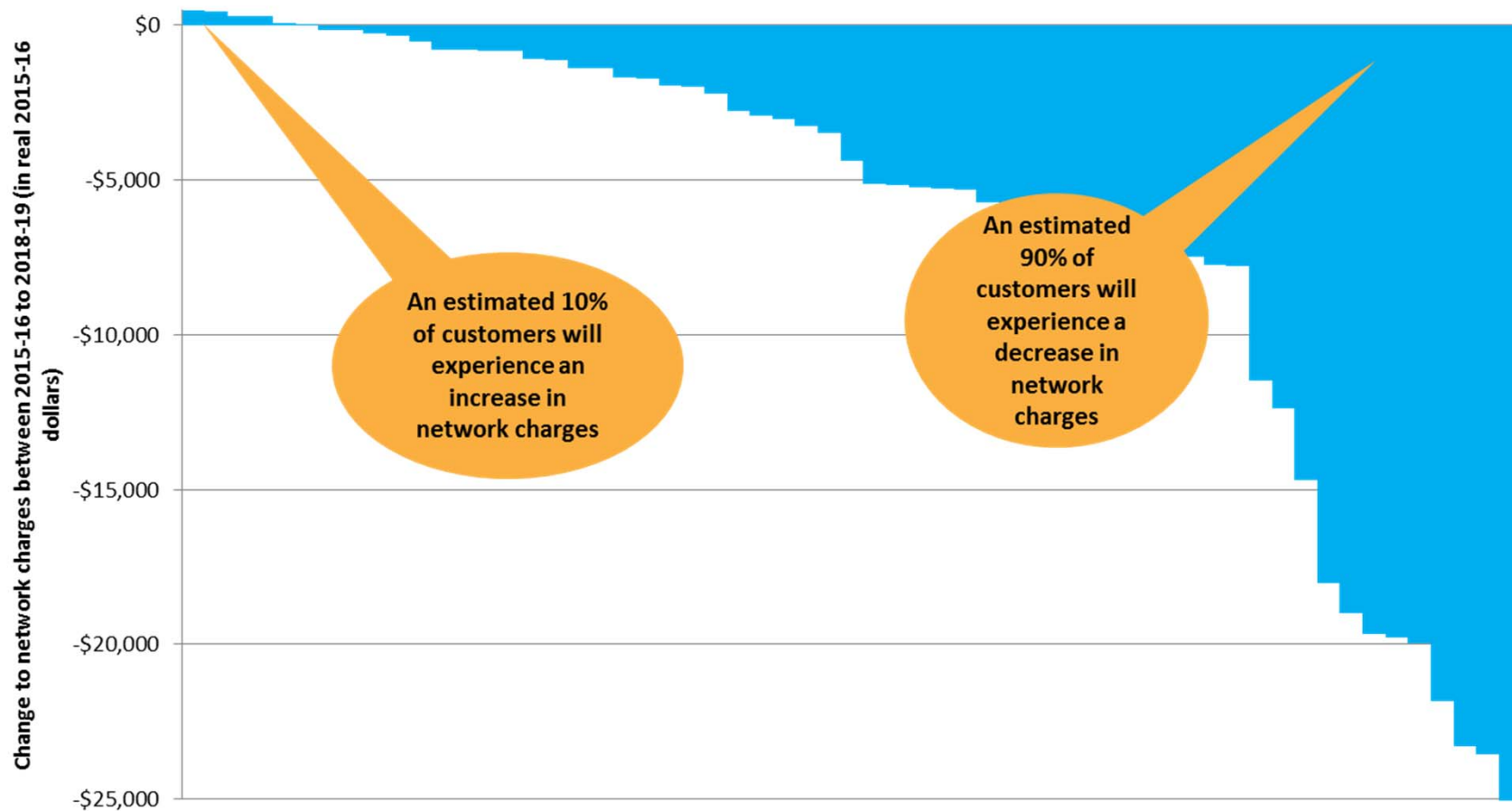
## Distribution: Business LV demand customer spread (TAS82)



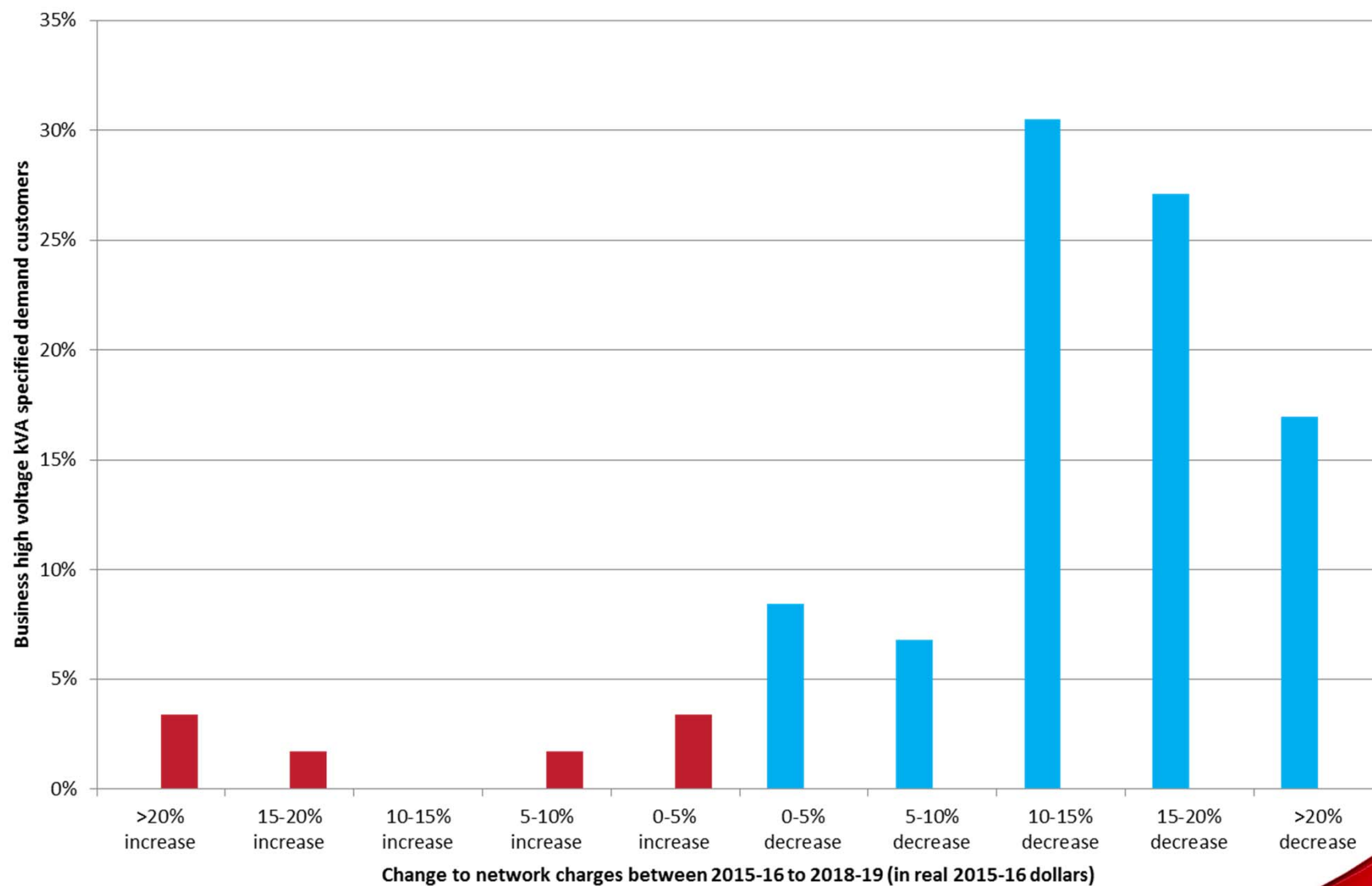


## Business HV Demand customer impacts 2015-16 network charges vrs 2018-19

### Business High Voltage kVA Specified Demand Customer Spread (TASSDM) (\$2015-16)



## Distribution: Business HV demand customer spread (TASSDM)

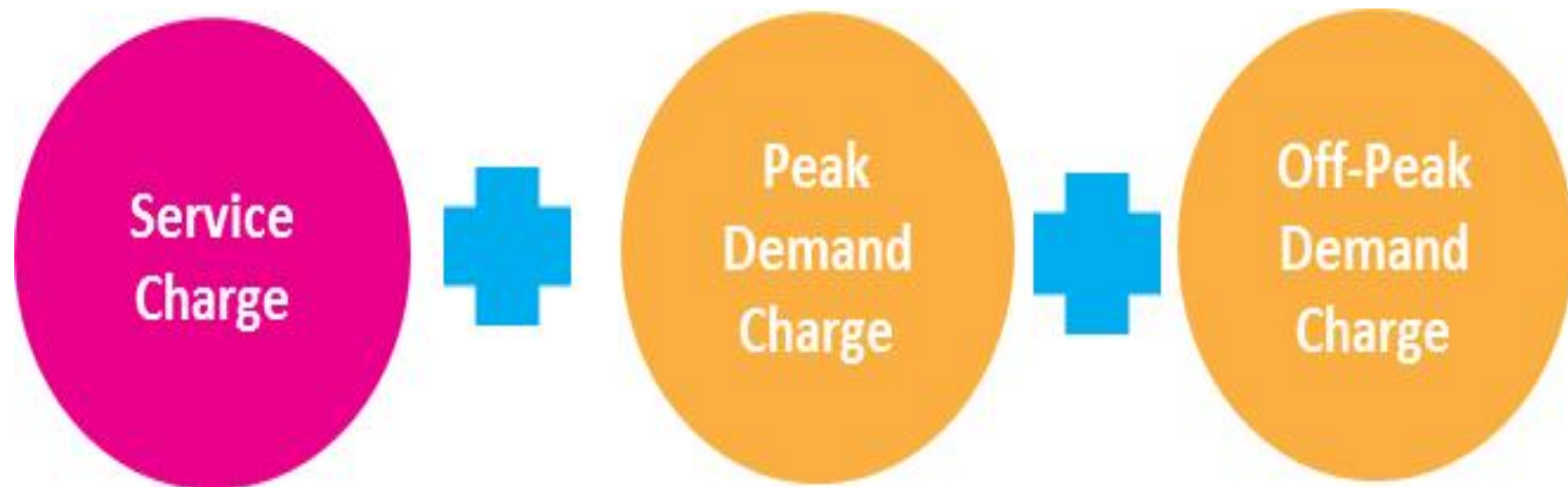


# **Demand based network tariffs**



# Demand based network tariff structure

**Two part demand based network tariff structure** with only a service and demand charge (split between peak and off-peak)



- This network tariff would be offered as an opt in choice from July 2017

## Demand based network tariffs indicative pricing summary

- TSS includes indicative prices for the new demand based network tariffs
- Very limited demand data exists on which to base demand prices for small customers
- The tariff trial will provide demand data for further analysis and price derivation
- The indicative prices in the TSS will continue to be refined as part of annual pricing processes (this is true for all network tariff not just the new demand tariffs)
- The demand tariffs will be priced so they are competitive with alternative network tariff choices