

## Statement of Expected Price Trends

2012-13 - 2016-17

May 2015





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## 1. Preface

The National Electricity Rules (the Rules) were amended in December 2014 by the *National Electricity Amendment (Distribution Network Pricing Arrangements) Rule 2014*. In accordance with the transitional arrangements within the Rules,<sup>1</sup> this amendment does not apply to the pricing proposal that is prepared by Tasmanian Networks Pty Ltd (TasNetworks) for the 2015-16 regulatory year. TasNetworks' pricing proposal is instead to be prepared in accordance with the version of the Rules that immediately applied before the Rule change, or version 65 of the Rules.

Clause 6.18.9(a)(3) of version 65 of the Rules requires TasNetworks, in its capacity as a licensed Distribution Network Service Provider, to publish a statement of expected price trends on its website.

The purpose of the statement is to provide an indication of how TasNetworks' expects distribution network prices to change over the remainder of the current five year regulatory control period. The regulatory control period applying to TasNetworks' distribution network ends on 30 June 2017. The statement is required to be updated prior to the beginning of each regulatory year.

All prices indicated in this statement of expected price trends, unless otherwise stated, are exclusive of GST.

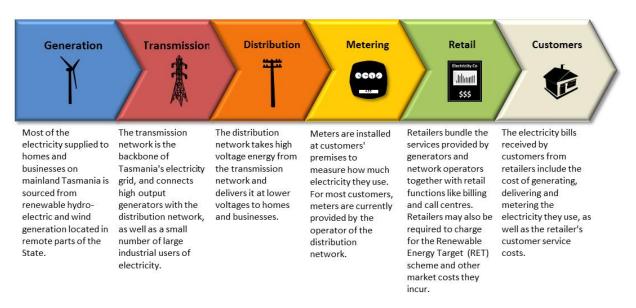
<sup>&</sup>lt;sup>1</sup> Section 11.74 of the Rules states: Former Chapter 6 applies to the exclusion of current Chapter 6 in relation



## 2. Introduction

#### 2.1. The delivered cost of electricity

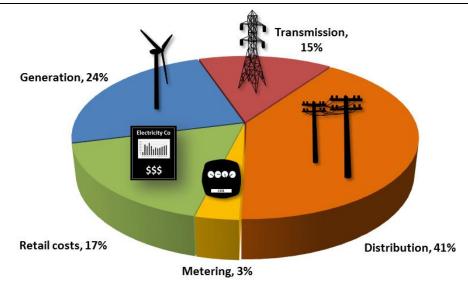
The cost of electricity consumed by households and small businesses covers much more than the cost of generating that energy. It also includes the cost of transporting electricity via the high voltage transmission network, the low voltage poles and wires which make up the distribution network, as well as the costs associated with retailing electricity to end-users. The following diagram illustrates the different links in the electricity supply chain and provides an overview of each function. TasNetworks is responsible for the transmission<sup>2</sup> and distribution functions.



The following chart illustrates the different costs which make up the electricity bill received by a residential customer<sup>3</sup> in 2014-15. For reasons of simplicity, the cost of Renewable Energy Certificates (3.6 per cent) and Market charges (0.5 per cent) have been included in Retail costs.

<sup>&</sup>lt;sup>2</sup> In addition to linking generators with the distribution network and major industrial users of electricity, Tasmania's transmission network also connects with the privately owned Basslink interconnector, which enables electricity to be transported to, and imported from, mainland Australia.

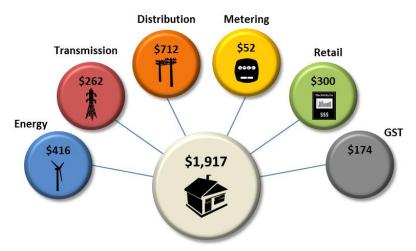
<sup>&</sup>lt;sup>3</sup> Based on Aurora Energy's regulated tariffs for residential customers in 2014-15, set by the Office of the Tasmanian



In 2014-15, network tariffs in Tasmania represented just over half (approximately 59 per cent) of a typical residential customer's total electricity costs. This is compared to 2013-14, when network costs made up around 45 per cent of the delivered cost of energy.

On balance, network charges increased in 2014-15. However, the cost of energy factored into the retail prices paid by residential customers and small businesses decreased significantly, which is the main reason why the contribution of network costs to the delivered cost of energy has increased. The cost of energy applied to residential and small business customers is determined by the Tasmanian Economic Regulator. For 2014-15 the Regulator reduced the wholesale electricity price that Hydro Tasmania is required to offer authorised retailers operating in Tasmania by 33 per cent, from 8.282 cents/kWh to 5.551 cents/kWh<sup>4</sup>.

The following diagram shows a breakdown of the different costs included in a typical household's annual electricity bill for 2014-15 in mainland Tasmania.<sup>5</sup>



<sup>&</sup>lt;sup>4</sup> Both rates are exclusive of GST.

<sup>&</sup>lt;sup>5</sup> Based on a residential customer on mainland Tasmania using 8,151 kWh per annum, with 40 per cent used



### 2.2. The role of TasNetworks

TasNetworks owns, operates and maintains the electricity transmission and distribution networks in Tasmania. The transmission network connects generators with the distribution network, as well as a small number of large industrial users of electricity. The distribution network takes the high voltage energy from the transmission network and conveys it at lower voltages to some 234,000 homes and 45,000 businesses across Tasmania. The distribution network also receives and distributes the surplus energy generated by customers with photo-voltaic solar panels. TasNetworks also reads and maintains the meters that measure how much electricity each of those homes and businesses use, and how much energy they export if they have solar panels.

#### 2.3. Recovering the cost of delivering electricity

TasNetworks recovers the cost of providing and running the shared distribution network from customers who are connected to the network, by charging network tariffs.

The cost of providing and reading meters is recovered through specific metering charges, based on the type of meter in use at a customer's premises.

Separate network and metering charges apply to each different power supply at a customer's premises. This means that for customers with two different supplies (e.g. one for general light and power and another for water and/or home heating), separate network charges and metering charges will apply to both, even though they share the one connection with the network.

With the exception of the charges applying to non-network services, such as establishing a new connection, most customers will never receive a bill from TasNetworks. This is because TasNetworks charges electricity retailers for the cost of providing distribution network services to their customers, and the retailers pass those charges on in the prices they charge their customers for electricity.

Retailers frequently do this by bundling TasNetworks' network tariffs into their own prices and charges, along with the other costs of supplying electricity. This means that most residential and small business customers won't see TasNetworks' network costs itemised on their electricity bill. The bills issued to larger customers, such as energy intensive businesses, on the other hand, generally provide a detailed break-down of the separate costs that go into supplying them with their electricity.





## 3. Setting the price for delivering electricity

In small markets like Tasmania, the provision of the electricity network by a single entity makes economic sense, because a single network, and a single operator, can serve the entire market more cost effectively than multiple networks and/or multiple operators. TasNetworks is the sole provider of both transmission and distribution services in Tasmania.

Even though TasNetworks is a publicly owned utility, as a monopoly provider TasNetworks is subject to economic regulation by the Australian Energy Regulator (AER). While TasNetworks is run on a commercial basis and is working to sustainably reduce costs, economic regulation provides the Tasmanian community with independent assurance that TasNetworks is operating its assets reliably and cost effectively, despite the absence of a competitive market for many of its core services.

In order to do this, the AER sets the maximum revenue that TasNetworks can recover from its customers for the provision of the network. This is known as a 'revenue cap'. The AER also approves the prices that TasNetworks charges in order to recover that revenue. The AER uses price caps, rather than revenue caps, to regulate a range of other services, such as metering, where the costs – and the associated benefits from the service – can be directly attributed to specific, identifiable customers.





## 4. Network cost drivers

#### 4.1. Capital expenditure

The majority of TasNetworks' revenue requirement relates to the recovery of past capital expenditure. TasNetworks, like all network operators in Australia, borrows money to fund the construction of new and upgraded infrastructure, and then recovers the cost of doing so from its customers over the assets' life-time. This approach means that customers do not have to fund new large investments up front, but instead contribute toward the cost of the assets that make up the distribution network over time.

Customers are central to all we do at TasNetworks, and TasNetworks is committed to delivering the lowest sustainable prices for customers. To ensure that customers do not pay more than necessary for the construction and upgrading of TasNetworks' poles and wires, the revenue allowances TasNetworks' proposes to the AER are based on prudent and efficient spending on infrastructure.

In developing its revenue proposals for the AER, TasNetworks considers the drivers of capital expenditure, such as the growth in customers' demand for electricity, the volume of new customer connections and the replacement of ageing assets. Before submitting its asset management plans to the AER for approval, TasNetworks tests the impact that the capital expenditure involved will have on the prices paid by customers, to ensure that TasNetworks is delivering a safe and reliable electricity supply to its customers at affordable prices.

Once the AER is satisfied with TasNetworks' plans for upgrading the network and the renewal/replacement of assets, a rate of return, set by the AER, is then applied to the value of TasNetworks' asset base. This calculation enables TasNetworks to recover the cost of its network assets and provides TasNetworks with a reasonable rate of return on its investment in the network.

#### 4.2. Demand growth

Electrical demand is not the same as consumption. Consumption refers to the amount of energy used over a period of time, whereas demand refers to the rate at which power is being drawn from the distribution network at any given point in time.

The network is built to cater for peaks in demand, such as the peak which occurs on weekday mornings as people get ready to go to work or school. If the network is unable to cope with peak demand, the voltage of the network will drop, which can stop electrical appliances from working.

Building a network to cope with peak demand comes at a cost, because rather than being constant, the demand (or load profile) of residential and small business customers fluctuates markedly during the course of the day, as well as at different times of year. This means that for much of the time the network's capacity to meet peaks in demand remains under-utilised. If the demand profile of these customers was more constant, without the substantial differences between peak demand and the level of base load, the network could have been engineered to meet a more modest capacity.

Even though consumption may have been decreasing, the peak demand for electricity delivered by the distribution network has experienced periods of growth, mainly due to the increasing use by households of large capacity electric heaters, reverse-cycle air conditioners and electrical consumer goods. Some geographical areas are seeing electrical demand growth in excess of 5 per cent per annum, as a result of growth in irrigation pumping load and population growth.





#### 4.3. Asset replacement

TasNetworks expects that most of its assets will last for at least 40 years, with some assets – such as underground cables and transmission cables – lasting for up to 60 years. TasNetworks replaces assets based on an assessment of their condition, rather than their age. Whilst TasNetworks' network assets are, on average, 'middle-aged', TasNetworks has a number of asset replacement programs in place to ensure, as asset condition deteriorates, replacement takes place to maintain a safe and reliable network. The costs associated with the replacement of existing assets contribute towards network tariffs.

#### 4.4. Operating expenditure

While the investment in networks assets is the main determinant of TasNetworks' revenue requirements, operating expenditure is also a significant component of TasNetworks' cost base. Operating expenditure refers to the costs associated with running the business and network. It includes activities such as the inspection and maintenance of the network, responding to emergencies and vegetation management around power lines.

TasNetworks' operating costs are driven by a range of environmental factors, which in many cases are quite different to the characteristics of the areas serviced by other network operators. For example, TasNetworks services a relatively small but highly dispersed population, and operates a largely rural overhead distribution network. The network is characterised by comparatively low levels of customer density, even in the State's major regional population centres, and the use of low voltage underground cables is generally restricted to central business districts, subdivisions and commercial centres in urban/suburban areas.

In preparing its operating expenditure forecasts for approval and assessment by the AER, TasNetworks bases its forecasts on an assessment of the level of expenditure that an efficient business would incur in TasNetworks' position.

#### 4.5. The impact of consumption on network prices

The network charges paid by customers, not just in mainland Tasmania but throughout Australia, have historically been energy based, which means that customers are charged for their use of the network on the basis of the volume of electricity they consume over time.

Most people associate the 'user pays' concept with the idea that the cost of a good or service is related to the quantity they use or purchase. However, the cost of delivering electricity to customers' premises via the network is not so much driven by the volume of energy conveyed by the network, but by the need to build a network which can cater for the peak demand for electricity. So, while the amount of electricity consumed by end-users may have been declining in recent years, the level of peak demand has not declined to the same extent. And because the network, like all electricity networks, has been built to cater for peak demand, there has not been a corresponding decrease in the cost of transporting that energy.

Under the current energy-based network pricing structures used around Australia, if the consumption of electricity decreases, the cost of running the network has to be spread over a smaller volume of energy. This means that when setting network tariffs to recover the cost of running the network, the operators of networks have to increase their prices. This is the case even if the cost of running the network hasn't changed. The higher prices can, in turn, lead customers to further reduce their consumption of energy in an effort to reduce their electricity bills. This only adds to the need for increased network charges to cover the cost of the network and has been referred to as the pricing 'death spiral'.





Under recoveries of revenue allowances in a given year, due to lower than expected consumption, are also able to be recouped from customers in subsequent years, just as over recoveries must be passed back to customers in the form of lower prices. This places further upward pressure on network tariffs.

TasNetworks notes that there are a range of different consumption forecasts. For the purposes of setting the 2015-16 prices, TasNetworks assumed a 1.5% decrease in consumption. This means that even if the cost of providing and operating the network were to remain constant, the network tariffs paid by customers will need to increase in order to avoid TasNetworks' under-recovering the cost of running the network.

TasNetworks recognises that customers want stable, predictable and fairer network pricing, along with greater control over their electricity costs. Traditional volume-based network charges can no longer deliver those outcomes, which is why TasNetworks is working towards the implementation of fairer and more cost-reflective ways of charging customers for the provision of the network.

Network charges that recover the cost of the shared network in a way that better reflects the characteristics of the network user will be central to this reform. Rather than basing network charges on the volume of energy a customer uses, in the future charges will transition to reflect the fact that networks costs are a function of customer (peak) demand.





## 5. The outlook for network prices

TasNetworks was created with the expectation that it would achieve operational efficiencies which would help deliver sustainably lower power prices. Since commencing operations in July 2014, TasNetworks has made millions of dollars in savings, which are already being passed on to customers through the network charges they pay. Those savings are also reflected in the transmission network revenue proposal submitted by TasNetworks for the period 2015-16 to 2018-19, and as a result will continue to put downward pressure on the transmission network costs passed on to all customers connected to the distribution network.

TasNetworks is conscious of the effect that rising electricity prices has on its customers and has implemented a business-wide strategy to ensure that it realises ongoing savings that deliver genuine price relief for customers.

The distribution network tariffs applying in the remainder of the current regulatory control period (which ends on 30 June 2017) will be driven by recovery of efficient revenue allowances for distribution, transmission and metering services for customers connected to the distribution network.

Based on the AER's determination of TasNetworks' revenue, the annual revenue requirement that TasNetworks is permitted to recover from users of the shared distribution network will increase in 2016-17 by 2.4 per cent in nominal terms when compared to 2015-16. This follows on from an increase of only 0.1 per cent in the previous year (2015-16) and less than two per cent in the year before that. This means that TasNetworks' annual revenue requirement has been decreasing in real terms.

The transmission network costs passed on to distribution network customers are based on the revenue allowances set for the transmission network by the AER, less the amount to be recovered from large industrial users of electricity which are directly connected to the transmission network at high voltages.

The network pricing shown in the following table for the years from 2012-13 to 2015-16 are based on prices approved by the AER. For the final year in the current regulatory control period, the 2016-17 regulatory year, indicative distribution network prices have been estimated on the basis of:

- the energy consumption and demand forecasts;
- forecast prior year under recoveries; and
- forecasts of the movement in the Consumer Price Index.

The actual distribution use of system (DUoS) tariffs for 2016-17 will be determined based on:

- the maximum allowable revenue (MAR);
- updated energy forecasts;
- actual changes in CPI; and
- any annual revenue adjustments and the annual pricing proposals submitted to the AER for approval (including prior year under recoveries).

Actual network use of system (NUoS) tariffs will incorporate estimated transmission charges for the year and any prior year under/over recoveries.

Following AER approval of TasNetworks' annual pricing proposal for 2016-17, the approved tariffs for that year will be published on the TasNetworks website.





The distribution use of system (DUoS) price impacts for each tariff class are provided in Table 1. Please note that the figures for 2016-17 are indicative, as they rely on TasNetworks' latest forecasts of CPI, and volumes (customer numbers, consumption and demand).

| Tariff Class                                     | DUoS price impacts (%)<br>for 2012-13 to 2016-17 |                       |                       |                       |                         |  |
|--|--|-----------------------|-----------------------|-----------------------|-------------------------|--|
|  | 2012-13<br>(approved)                            | 2013-14<br>(approved) | 2014-15<br>(approved) | 2015-16<br>(approved) | 2016-17<br>(indicative) |  |
| High Voltage                                     | 9.08   | 7.23                  | 4.48                  | 7.94                  | 6.01                    |  |
| Irrigation                                       | 11.64  | 6.08                  | 5.03                  | 7.13                  | 4.25                    |  |
| Large Low Voltage                                | 8.66   | 4.58                  | 7.06                  | 7.04                  | 4.90                    |  |
| Small Low Voltage                                | 13.49  | 6.89                  | 5.51                  | 5.43                  | 1.84                    |  |
| Residential                                      | 10.44  | 6.02                  | 5.30                  | 5.06                  | 2.43                    |  |
| Uncontrolled Energy                              | 15.27  | 7.15                  | 9.83                  | 8.26                  | 4.88                    |  |
| Controlled Energy                                | 31.13  | 4.69                  | 6.43                  | 8.57                  | 4.52                    |  |
| Unmetered  | 12.87  | 6.05                  | 7.00                  | 8.80                  | 4.63                    |  |
| Street Lighting                                  | 6.90   | 7.53                  | 3.00                  | 8.74                  | 3.57                    |  |
| Embedded Generation                              | 0.00   | 0.00                  | 0.00                  | 0.00                  | 0.00                    |  |
| Individual Tariff Calculation (ITC) <sup>6</sup> |  |                       |                       |                       |                         |  |

#### Table 1: Indicative DUoS price impacts

The NUoS prices in Table 2 combine distribution network related charges with the transmission network costs recovered from customers connected to the distribution network. They also show the total changes in network prices projected for the remainder of the current regulatory control period. In addition to the TasNetworks' expected distribution charges in 2016-17, the bundled NUoS price includes the pass-through of forecast transmission charges for that same year. Please note that the figures are indicative as they rely on forecasts of CPI, customer numbers, consumption and demand.





#### Table 2:NUoS price trends over the regulatory period

| Touill Class                               | NUoS (distribution and transmission) only (excluding GST) c/KWh<br>for 2012-13 to 2016-17 |                       |                       |                       |                         |  |
|--|---|-----------------------|-----------------------|-----------------------|-------------------------|--|
| Tariff Class                               | 2012-13<br>(approved)   | 2013-14<br>(approved) | 2014-15<br>(approved) | 2015-16<br>(approved) | 2016-17<br>(indicative) |  |
| High Voltage <sup>7</sup>                  | 4.032   | 3.651                 | 3.418                 | 3.287                 | 3.567                   |  |
| Irrigation                                 | 8.716   | 8.523                 | 7.982                 | 7.058                 | 6.093                   |  |
| Large Low Voltage <sup>8</sup>             | 7.978   | 8.750                 | 11.374                | 7.976                 | 8.311                   |  |
| Small Low Voltage                          | 12.851  | 13.407                | 13.444                | 13.494                | 13.564                  |  |
| Residential                                | 16.075  | 17.045                | 17.061                | 17.644                | 18.094                  |  |
| Uncontrolled Energy                        | 4.656   | 5.036                 | 5.137                 | 5.644                 | 5.986                   |  |
| Controlled Energy                          | 2.492   | 2.836                 | 3.033                 | 3.267                 | 3.506                   |  |
| Unmetered                                  | 18.454  | 20.212                | 21.102                | 22.055                | 22.674                  |  |
| Street Lighting                            | 10.282  | 11.468                | 11.576                | 11.532                | 11.967                  |  |
| Embedded Generation                        | 0.000   | 0.000                 | 0.000                 | 0.000                 | 0.000                   |  |
| Individual Tariff Calculation <sup>9</sup> |   |                       |                       |                       |                         |  |

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<sup>&</sup>lt;sup>7</sup> Tariffs included in customer class include demand components.

<sup>&</sup>lt;sup>8</sup> Tariffs included in customer class include demand components.



## 6. Metering services

'Metering services' refers to the provision, installation and maintenance of standard meters and the associated services, such as meter reading, provided to customers by TasNetworks. This includes the metering services using Type 5 – 7 metering installations as defined in the NER provided by TasNetworks' in its role as metering provider and meter data provider.

TasNetworks' standard metering services exclude:

- acting as Metering Data Provider (MDP) for Type 1 4 metering installations as defined in the NER;
- the provision of meters in support of the Aurora Energy Retail prepayment metering product (PAYG); and
- metering to a standard in excess of that required for the billing of customer services.

The prices for metering services are determined using the AER's approved formula, which is based upon price cap control mechanisms. The prices set by the AER are adjusted annually by escalation factors. The actual prices for each year are subject to an annual escalation process in accordance with the AER's distribution determination.

The prices for the 2012-13, 2013-14, 2014-15 and 2015-16 regulatory years are as approved by the AER.

The indicative prices for the 2016-17 regulatory year are based on TasNetworks' current forecast of escalation rates and are, therefore, subject to change.

The prices for the provision of metering services are shown in Table 3.

Following AER approval of TasNetworks' annual pricing proposal for 2016-17, the approved metering services prices will be published on the TasNetworks' website.





#### Table 3:Indicative metering services price impacts

|   |                       | Meterin               | g services prices     | s (c/day)             |                         |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| Tariff                                      | 2012-13<br>(approved) | 2013-14<br>(approved) | 2014-15<br>(approved) | 2015-16<br>(approved) | 2016-17<br>(indicative) |
| Domestic LV – single phase                  | 6.961                 | 7.135                 | 7.344                 | 7.442                 | 7.591                   |
| Domestic LV – multi phase                   | 14.445                | 14.806                | 15.240                | 15.443                | 15.752                  |
| Domestic LV – CT meters                     | 17.876                | 18.323                | 18.860                | 19.111                | 19.493                  |
| Domestic LV – single phase<br>(remote read) | 5.983                 | 6.133                 | 6.313                 | 6.397                 | 6.525                   |
| Domestic LV – multi phase<br>(remote read)  | 13.531                | 13.869                | 14.275                | 14.465                | 14.754                  |
| Domestic LV – CT meters<br>(remote read)    | 19.499                | 19.986                | 20.572                | 20.846                | 21.263                  |
| Business LV – single phase                  | 7.200                 | 7.380                 | 7.596                 | 7.697                 | 7.851                   |
| Business LV – multi phase                   | 14.403                | 14.763                | 15.196                | 15.398                | 15.706                  |
| Business LV – CT meters                     | 18.625                | 19.091                | 19.650                | 19.911                | 20.309                  |
| Business LV – single phase<br>(remote read) | 5.983                 | 6.133                 | 6.313                 | 6.397                 | 6.525                   |
| Business LV – multi phase<br>(remote read)  | 13.531                | 13.869                | 14.275                | 14.465                | 14.754                  |
| Domestic LV – CT meters<br>(remote read)    | 19.499                | 19.986                | 20.572                | 20.846                | 21.263                  |
| Other meters (PAYG)                         | 12.711                | 13.029                | 13.411                | 13.589                | 13.861                  |





## 7. Public lighting services

TasNetworks provides a range of public lighting services including:

- the provision, maintenance and replacement of public lighting assets that are owned by TasNetworks;
- the maintenance of public lighting assets which are owned by customers (contract lighting); and
- the provision, maintenance and replacement of TasNetworks owned public lighting poles.

The prices for public lighting services are determined using a formula approved by the AER. This formula caps the prices TasNetworks charges rather than cap the amount of revenue TasNetworks is allowed to earn from the provision of public lighting. The public lighting services prices for the 2012-17 regulatory control period published in the AER's distribution determination, are adjusted annually to account for escalation factors. The actual prices TasNetworks charges for public lighting are based on those prices, subject to an annual escalation process in accordance with the AER's distribution determination.

The prices shown in the following table for 2012-13, 2013-14, 2014-15 and 2015-16 are as approved by the AER.

The indicative prices for the 2016-17 regulatory year are based on TasNetworks forecasts of the escalation rate that will be applied by the AER to public lighting services and are, therefore, subject to change.

The prices for the provision of public lighting services are shown in Table 4.

Following AER approval of TasNetworks' annual pricing proposal for 2016-17, the approved public lighting services prices will be published on the TasNetworks website.

|   | Public lighting prices (c/day) |                       |                       |                       |                         |  |
|---|--------------------------------|-----------------------|-----------------------|-----------------------|-------------------------|--|
| Lighting type                                       | 2012-13<br>(approved)          | 2013-14<br>(approved) | 2014-15<br>(approved) | 2015-16<br>(approved) | 2016-17<br>(indicative) |  |
| 50W mercury vapour (obsolete)                       | 33.065                         | 33.010                | 33.094                | 32.662                | 32.449                  |  |
| 80W mercury vapour – Aeroscreen                     | 33.065                         | 33.010                | 33.094                | 32.662                | 32.449                  |  |
| 80W mercury vapour – Artcraft decorative (obsolete) | 52.380                         | 52.294                | 52.427                | 51.743                | 51.406                  |  |
| 125W mercury vapour (obsolete)                      | 38.073                         | 38.010                | 38.106                | 37.609                | 37.364                  |  |
| 250W mercury vapour (obsolete)                      | 38.514                         | 38.450                | 38.548                | 38.045                | 37.797                  |  |
| 400W mercury vapour (obsolete)                      | 42.789                         | 42.718                | 42.826                | 42.267                | 41.991                  |  |
| 70W sodium vapour                                   | 35.215                         | 35.157                | 35.246                | 34.786                | 34.559                  |  |
| 100W sodium vapour                                  | 35.477                         | 35.418                | 35.508                | 35.045                | 34.817                  |  |
| 150W sodium vapour                                  | 39.214                         | 39.149                | 39.248                | 38.736                | 38.483                  |  |
| 250W sodium vapour                                  | 39.334                         | 39.269                | 39.369                | 38.855                | 38.602                  |  |
| 400W sodium vapour                                  | 39.530                         | 39.465                | 39.565                | 39.049                | 38.794                  |  |
| 150W metal halide                                   | 39.214                         | 39.149                | 39.248                | 38.736                | 38.483                  |  |

#### Table 4: Indicative public lighting services price impacts





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|                         | Public lighting prices (c/day) |                       |                       |                       |                         |  |
|-------------------------|--------------------------------|-----------------------|-----------------------|-----------------------|-------------------------|--|
| Lighting type           | 2012-13<br>(approved)          | 2013-14<br>(approved) | 2014-15<br>(approved) | 2015-16<br>(approved) | 2016-17<br>(indicative) |  |
| 250W metal halide       | 39.334                         | 39.269                | 39.369                | 38.855                | 38.602                  |  |
| 42W compact fluorescent | 35.159                         | 35.101                | 35.190                | 34.731                | 34.505                  |  |

The prices for the provision of contract lighting services are shown in Table 5.

Following AER approval of TasNetworks' annual pricing proposal for 2016-17, the approved contract lighting services prices will be published on the TasNetworks website.

| Table 5: Indicative contract lighting services price impacts |
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|                                | Contract lighting prices (c/day) |                       |                       |                       |                         |  |
|--------------------------------|----------------------------------|-----------------------|-----------------------|-----------------------|-------------------------|--|
| Lighting type                  | 2012-13<br>(approved)            | 2013-14<br>(approved) | 2014-15<br>(approved) | 2015-16<br>(approved) | 2016-17<br>(indicative) |  |
| 50W mercury vapour (obsolete)  | 22.587                           | 22.550                | 22.607                | 22.312                | 21.167                  |  |
| 80W mercury vapour (obsolete)  | 22.576                           | 22.539                | 22.596                | 22.301                | 22.156                  |  |
| 125W mercury vapour (obsolete) | 23.592                           | 23.553                | 23.613                | 23.305                | 23.153                  |  |
| 250W mercury vapour (obsolete) | 23.662                           | 23.623                | 23.683                | 23.374                | 23.222                  |  |
| 400W mercury vapour (obsolete) | 23.715                           | 23.676                | 23.736                | 23.426                | 23.273                  |  |
| 70W sodium vapour              | 22.766                           | 22.728                | 22.786                | 22.489                | 22.342                  |  |
| 150W sodium vapour             | 24.280                           | 24.240                | 24.302                | 23.985                | 23.829                  |  |
| 250W sodium vapour             | 24.247                           | 24.207                | 24.268                | 23.951                | 23.795                  |  |
| 400W sodium vapour             | 24.318                           | 24.278                | 24.340                | 24.022                | 23.865                  |  |
| 150W metal halide              | 24.280                           | 24.240                | 24.302                | 23.985                | 23.829                  |  |
| 250W metal halide              | 24.247                           | 24.207                | 24.268                | 23.951                | 23.795                  |  |
| 400W metal halide              | 24.247                           | 24.207                | 24.268                | 23.951                | 23.795                  |  |
| 1 x 20W fluorescent (obsolete) | 22.639                           | 22.602                | 22.659                | 22.363                | 22.217                  |  |
| 2 x 20W fluorescent (obsolete) | 22.754                           | 22.716                | 22.774                | 22.477                | 22.330                  |  |
| 1 x 40W fluorescent (obsolete) | 22.647                           | 22.610                | 22.667                | 22.371                | 22.225                  |  |
| 2 x 40W fluorescent (obsolete) | 23.771                           | 23.732                | 23.792                | 23.482                | 23.329                  |  |
| 3 x 40W fluorescent (obsolete) | 23.893                           | 23.854                | 23.915                | 23.603                | 23.449                  |  |
| 4 x 40W fluorescent (obsolete) | 24.694                           | 24.653                | 24.716                | 24.394                | 24.235                  |  |
| 60W incandescent (obsolete)    | 22.574                           | 22.537                | 22.594                | 22.299                | 22.154                  |  |
| 100W incandescent (obsolete)   | 23.577                           | 23.538                | 23.598                | 23.290                | 23.138                  |  |
| Pole surcharge (obsolete)      | 20.715                           | 20.681                | 20.733                | 20.463                | 20.330                  |  |





## 8. Further Information

We have published the following documents, which explain our services and pricing in more detail:

- Network Tariff Application and Price Guide
- Metering Services Application and Price Guide
- Public Lighting Application and Price Guide
- Fee-based Services Application and Price Guide
- Quoted Services Application and Price Guide

The above documents are available, including our Annual Pricing Proposal, on the TasNetworks web site at:

http://www.tasnetworks.com.au/our-network/network-revenue-pricing

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

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