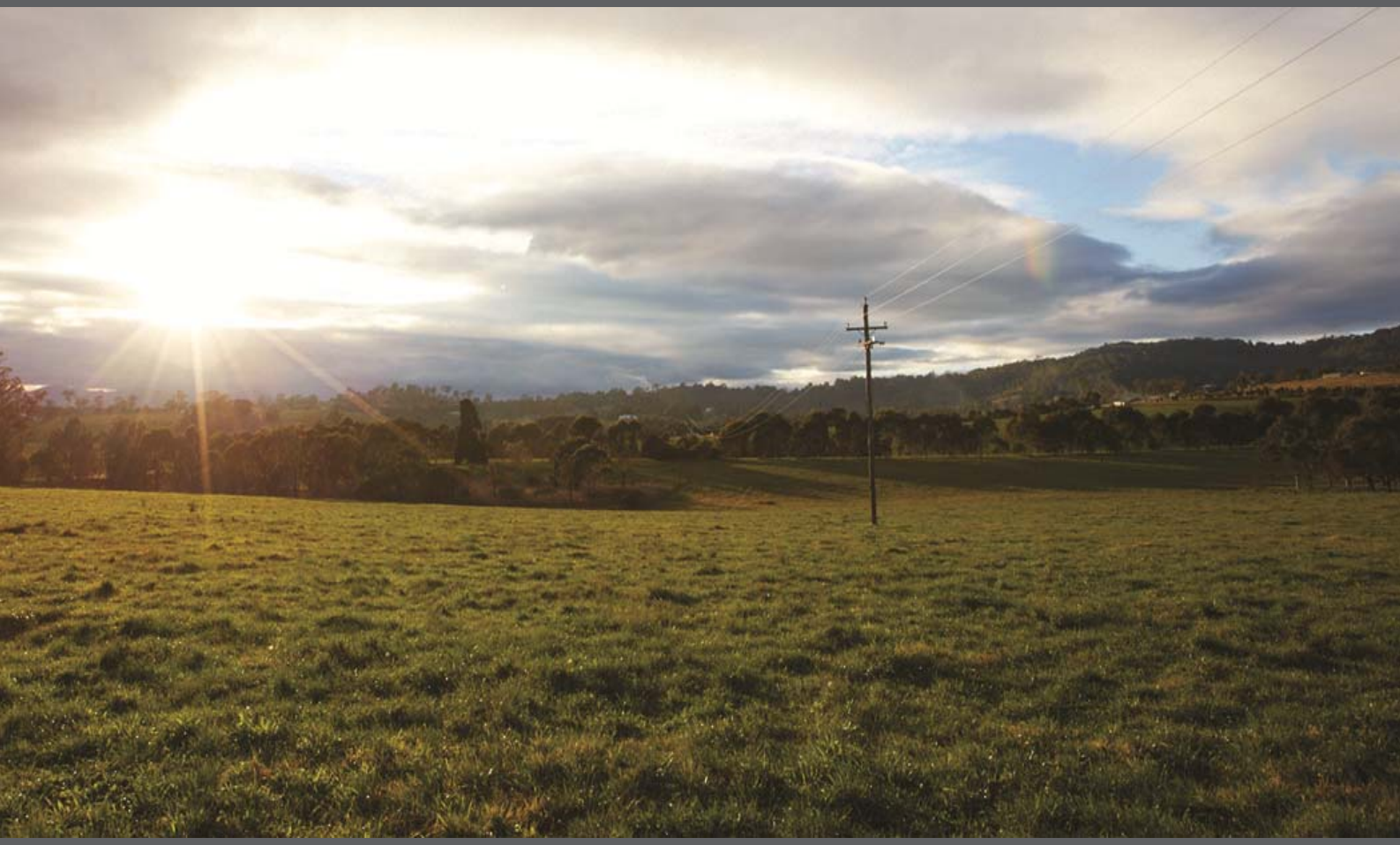
Overview of our Tariff Structure Statement



Your power, your say

27 November 2015

essential energy

A note to our customers

Essential Energy network statistics*

Route line length: (overhead spans)	**181,384 km**
Network area:	**737,000 sq. km**
Customer density: (per km route line length)	**4.78 customers / km**
Zone substations:	**400**
Substations:	**135,000**
Poles:	**1,319,497**
Streetlights:	**154,009**

* As at 30 June 2015

In late 2014, a new National Electricity Rule was introduced, requiring electricity distribution businesses like Essential Energy to introduce 'cost reflective' network tariffs.

Network tariffs cover the costs of the electricity network, including infrastructure, staff, maintenance of poles and wires and bushfire risk management programs. They make up about 40 per cent of an average residential electricity bill.

In developing our tariffs, Essential Energy aims to reduce real long-term average prices by promoting efficient network investment and utilisation. Our Tariff Structure Statement (TSS) – a requirement of the new rule – sets out how we will achieve this for the two year period from 2017–19.

The key objective of our TSS is to ensure that our customers have a clear understanding of:

> Why we are proposing changes to our tariffs

> Our proposed network tariff structures

> How our tariffs promote efficient network investment and utlisation

> The impact to customers of our proposed changes

> How we plan to transition customers to these new networks tariffs.

Gary Humphreys
Deputy Chief Executive Officer

About Us

Essential Energy is responsible for building, operating and maintaining Australia's largest electricity network, delivering services to around 820,000 homes and businesses across 95 per cent of New South Wales and parts of southern Queensland.

Our core focus is on ensuring safe, affordable and reliable delivery of essential services. We are committed to delivering better value for our customers by reducing our costs without compromising safety or services, and we aim to:

> Be safety focused

> Be customer centred

> Operate a sustainable network

> Ensure that we have capable and committed employees.

Essential Energy requires its employees and contractors to understand and support our corporate values. Our five corporate values and their associated behaviours form the basis of everything we do.

Our network challenges

Our challenges

A largely rural network

Approximately 80 per cent of our network is rural. Our powerlines supply sparsely populated areas and carry lower loads along very long distances. This increases their exposure to environmental factors.

We often have to install network assets with a greater capacity (and at greater cost) than otherwise required to account for the drop in voltage that occurs as electricity travels along our vast network lengths.

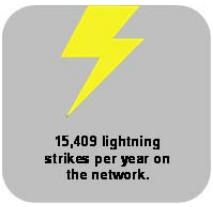
A radial network

Essential Energy's network is largely radial. This means many of our customers are supplied through just one powerline and power can't be re-routed or switched to restore power during supply interruptions.

It is often difficult to locate and repair radial line faults due to the distance needed to travel to find the fault.

Environmental and weather conditions

Weather is a common cause of unplanned supply interruptions. Windy conditions along the coast contribute to salt build up on insulators and equipment, resulting in failures. High humidity on the North Coast increases fungal decay of timber power poles.



15,409 lightning strikes per year on the network.

West of the Dividing Ranges, the rural powerlines traverse open rolling terrain with scattered vegetation. This exposes our network to storms and associated lightning strikes, which often cause damage to our assets. With vegetation, dry land and lightning comes bushfires. Bushfire prone areas make up a large portion of our network.

Inherited network characteristics

The bulk of our network was built at 11,000 volts, whereas modern rural networks are now built at 22,000 volts. The dominance of an 11,000 volt system is not ideal, as it is more expensive to reticulate (requiring more and larger assets).

However, it is not feasible and would be cost prohibitive to reconstruct the network to the design we would choose to build today.

Network access

Our crews travel longer distances, often across difficult terrain. This adds time to restoring power and maintaining our assets.

Access roads may not have been driven on for some time and require fallen trees and overgrown vegetation to be cleared. Many trails can remain impassable for weeks following heavy rain.

Wildlife increases the risk of accidents.

During 2013-14, our fleet travelled 61 million kms - equivalent to driving around Australia 4,200 times.

Our distribution network comprises*:

- **823,436 customers** and **1,319,497 poles** spread across 737,000km^2
- **We have 1.6 power poles for every customer**
- **191,475 total kilometres of powerlines** – equivalent to driving around Australia 13 times
- **For every kilometre of overhead powerline we have just 4.78 customers to pay for it**
- **1,447 feeders with the longest circuit totalling 1,900km** – the same distance as driving from Sydney to Melbourne twice
- **Every field employee** is effectively **responsible for 79 kilometres of powerlines**
- Our network assets have an **average age of almost 35 years**

As at 30 June 2015

Managing vegetation

Vegetation management is Essential Energy's largest single operating expense, after labour. The costs of managing vegetation around the network are driven by the size of our geographic area, the volume of trees that requiring trimming and the extent to which trees need to be trimmed.

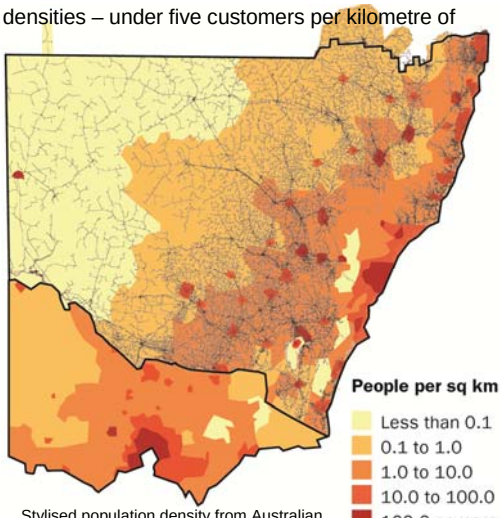
On average, due to a longer average span, we have more trees to maintain per span length than most distributors. Longer spans require greater clearance zones.

1,039,217 spans on Essential Energy's network are in designated high bushfire zones. The typical clearance zone is 4 metres.

Low customer density

In contrast to other DNSPs, we have one of Australia's lowest average customer densities – under five customers per kilometre of power line.

As a result, our average distribution charge is higher than other network areas across Australia .



Stylised population density from Australian Bureau of Statistics SA2 June 2014

Understanding our network costs and tariffs

Network cost drivers

There are three drivers of costs involved in owning and operating an electricity distribution network. These are:

- The number and condition of assets
- Network demand
- Customers.

It is well recognised that, as distribution networks becomes less dense (with less customers per kilometre), the number of assets becomes the more dominant cost driver. As a rural network operator, about 70 per cent of Essential Energy's costs are primarily driven by the number of assets and their spread across our large network area.

Network demand is our second most important cost driver. Customer numbers have only a small impact on our overall costs.

How our network costs are recovered from customers

The Australian Energy Regulator (AER) assesses our forecast expenditure for building and maintaining our network every five years and approves efficient and prudent allowances for both capital and operating expenditure, as well as a revenue allowance for each year of the regulatory period. Our current five-year regulatory period runs from 1 July 2014 through to 30 June 2019.

We apply a network tariff charge to electricity bills to recover the costs of delivering electricity to our customers. The total revenue we can receive from all network tariffs is "capped" by the AER, so if we collect more revenue in a financial year – for example, if customers use more energy than we expected – then we must repay the amount we over-recover to customers. This over-recovery is included in tariff calculations for subsequent years. The reverse also applies.

We establish our network tariffs every 12 months in a pricing proposal that is approved by the AER. Our tariff structures must comply with the structures set out in our TSS and are set to allow recovery of our efficient costs in line with the regulatory determination.

How customers are charged

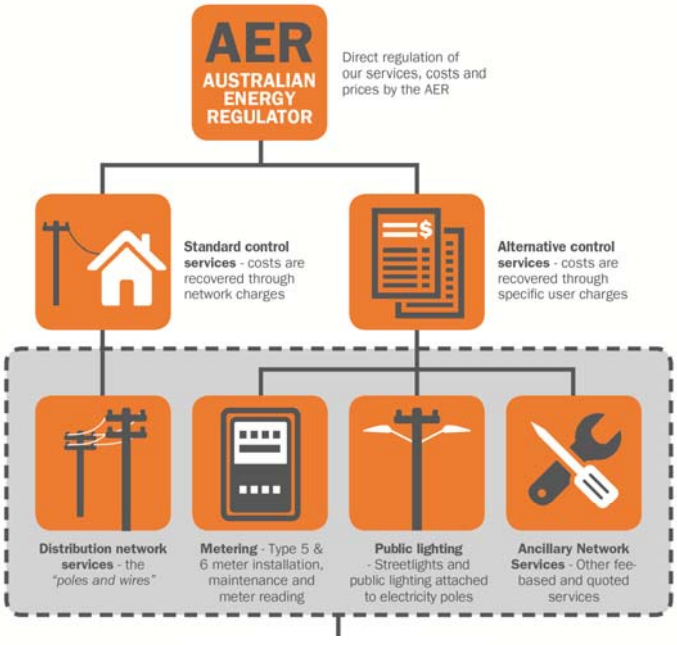
Our network and metering charges are passed on to electricity retailers, who in turn charge customers through their electricity bills. The electricity bills small customers receive from their retailer do not generally specify our network and metering charges, so customers are unlikely to see our prices on their electricity bills.

The range of network costs and their contribution to a typical residential bill are shown in the following diagram. The orange components are added together in a customer's bill to give the total network charge. The green components are added to a customer's bill by the retailer.

The services covered by our TSS

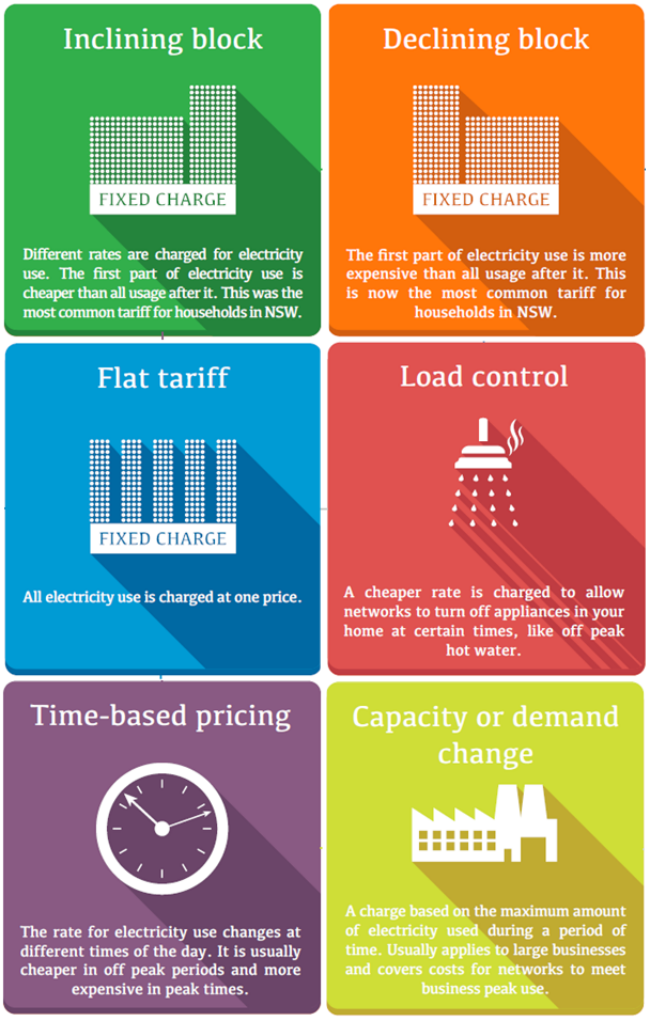
Our TSS describes the network tariffs that are classified as direct control services under the National Electricity Rules. Direct control services comprise Standard Control Services and Alternative Control Services.

- Standard Control Services relate to the distribution network. Costs are recovered through *general network charges*
- Alternative Control Services mainly comprise metering, public lighting and ancillary network services. These services are recovered through *specific user charges*.



Ways of charging for electricity use

Generally, there are six different types of tariffs that can be used to charge customers for their electricity use.



Tariff components

Each tariff is made up of one or more of the following components:

- A fixed charge component – an annual supply charge that applies to each connected premises to which electricity is delivered. The amount does not vary with the amount of energy a customer uses. This component is charged on a daily basis.
- An energy charge component - a charge that is applied to each unit of electricity consumed in cents per kilowatt hour (kWh). Depending on the particular tariff, the consumption charge may also vary with the time of day or the amount of energy consumed in the period.
- A demand charge component - a charge that is applied to a customer's electricity maximum demand level or capacity requirement in dollars per kilovolt-ampere (kVA), or dollars per kilowatt (kW), depending on the tariff.

The importance of meter type

Not all tariff types can be made available to all customers - the type of meter a customer has plays a significant role in the types of tariffs that we can offer. There are many different types of electricity meters, however, they can be broadly classed into the following four groups:

1. Basic accumulation meters (also known as Type 6 meters) – These meters measure only the total amount of electricity consumed over a period(s) and are manually read by a meter reader.
2. Type 5 meters – These meters record electricity consumed in 30 minute intervals, but are also manually read by a meter reader.
3. Interval meters – These meters record how much electricity is used in every 30 minute interval and the associated demand. This allows customers to select a tariff that has different rates for usage at different times of the day and measure demand. These meters are remotely read and are also known as Type 1 to 4 meters.
4. Smart meters – These meters record customer usage and demand in real time and are remotely read in 30 minute intervals. Smart meters can be linked to in-home devices that allow customers to make informed decisions about their electricity consumption.

Most residential and small business premises within our network area have basic accumulation meters. This limits our tariff options for the bulk of our customers to just four.

	Minimum meter type
Block tariffs	Type 5 or 6
Flat tariffs / Controlled Load	Type 5 or 6
Time of Use tariffs	Type 5 or 6*
Capacity tariffs	Interval or smart meter
Demand tariffs	Interval or smart meter

* Must be programmed for Time of Use

The need for tariff reform

The drivers of tariff reform

The costs of running and maintaining our network are mostly fixed, yet most of our current revenue comes from the variable component of our tariffs. This means that our tariff structures are not cost reflective for customers and could discourage efficient utilisation of the network, contrary to the new Rule.

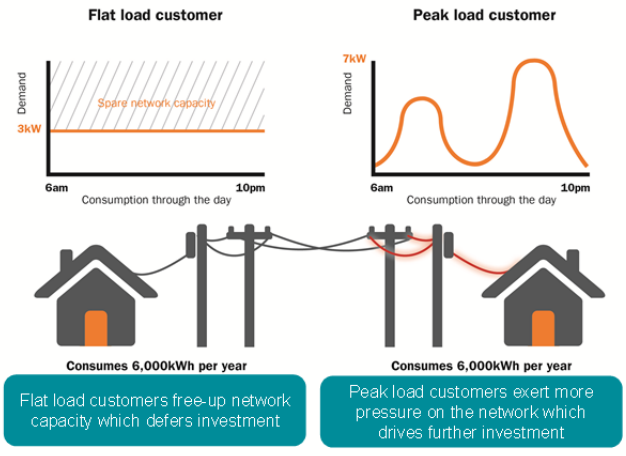
When this is coupled with advancing technology developments, we are potentially heading down a path that would place increasing demand pressure on our network while allowing home owners with disposable income to invest in emerging technologies. These technologies may see them avoid paying much of the real fixed costs actually required to service their network connection at the expense of lower income customers who can't afford to invest in technology or those who can't access technology, such as renters and high density unit dwellers.

There are four main drivers of tariff reform:

1. Aligning our tariffs to more closely reflect our actual network costs

Our network costs are largely fixed, but the fixed charge component of our tariffs is quite low and does not fully recover the fixed network costs. This means that many of our customers are paying more in electricity usage charges than they should be.

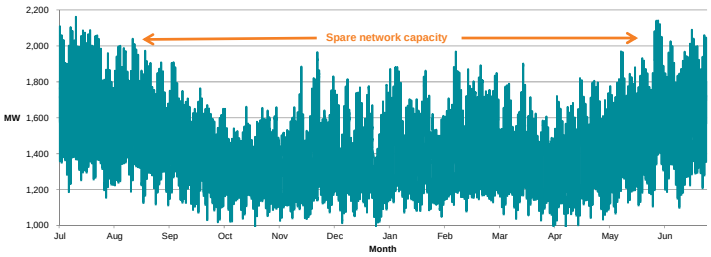
The figure below indicates how two consumers can currently consume the same amount of power, and therefore pay the same network charges, but their impact on the network can be very different.



2. Consumption levels and network under-utilisation

Customers expect electricity to flow whenever they require it, especially on hot summer days when they want to run their air conditioner and on cold winter days when heating is required.

Our network is necessarily built to safely and reliably supply the maximum demand for electricity that customers require – the peak load. However, the peak load is only required for only a handful of days each year, as shown in the figure below.



This means that our network assets are only fully-utilised for a few hours in a day (and a few days of the year).

3. Emerging and improving technologies

In the past, the electricity network was simple, with energy flowing in one direction through a centrally planned system. Today, the electricity network is far more complex.

Solar PV generation has allowed consumers to become electricity generators. The current network system has become more dynamic and integrated with energy now flowing in opposite directions at different times of the day.

The future network will become even more dynamic as emerging technologies are refined and introduced to the mass market. Consumers will be able to store their own generated energy with battery storage and better manage their electricity consumption through the use of smart meters, energy management systems and virtual net metering.

These changes will have big impacts on our electricity distribution system, so we are starting to act now to better communicate to customers the true cost of their network usage.

4. Government policies and regulations

Regulation at both a Federal and State level impacts our tariff setting. New markets and technologies are challenging the current regulatory landscape and we expect continuing developments in this area.

So, we need to structure our tariffs to provide long-term benefits to our customers through:

- Better aligning our tariffs to our cost drivers so that customers pay a price that more accurately represents the actual costs they impart on our network
- Influencing customer consumption behaviour in a way that encourages better utilisation of our existing network to ensure augmentation only takes place where it is truly efficient to do so and customers are happy to pay for this
- Encouraging customers to remain connected to the network.

The proposed tariff structures, outlined in our TSS, fulfil these requirements.

Customer & stakeholder engagement

Our approach

Essential Energy's network area spans regional cities, rural farmland and remote rural locations. Understanding the composition of our customer base is critical to meeting the diverse connection, consumption and billing needs of both individual customers and customer groups.

Customer engagement is central to our tariff structure process. We need to consider how customer use of the network is changing and how changes in tariff structures will affect different customer groups. It is also important that customers are able to understand and contribute to the proposed changes.

Our customer engagement has included conversations and roundtables with specific stakeholder groups across our electricity distribution area.

We also undertook an extensive media campaign asking our customers to have their say on the proposed tariff reforms via the NSW government 'Have your say' website, through our own website and through traditional means.

What they said

The key themes and messages from our customers and stakeholders are shown below.

How we considered the feedback we received

Our customer and stakeholder feedback has informed our proposed tariff structures and we considered all the comments we received.

Some specific items that have been addressed in our current tariff structures are:

- Key elements of our proposed residential tariff structures are aligned with other NSW distributors;
- We will introduce different rates for peak and shoulder periods;
- Our tariff structures are simple and easy to understand;
- We will transition customers to our proposed cost reflective structures;
- We are not proposing any location based tariffs, social tariffs or solar export tariffs.

In addition to the above, we also received feedback related to the following areas:

Customer education

- Time of Use tariffs are poorly explained and may not be fully understood by customers;
- Controlled Load tariffs should be more widely promoted;
- The different types of meters available to customers, and how these interact with tariffs, are not widely understood.

Customer & stakeholder engagement continued

As a network we pass our network charges to the Retailer and the retailer sends the customer their electricity bill inclusive of our charges. The final retail bill may not always be reflective of the form that we use for our tariffs. However, we will develop customer brochures explaining these areas in more detail. These brochures will be made available to customers on the Electricity Network Pricing section of our website.

Demand tariffs

The most prevalent feedback theme that we have not incorporated into our proposed tariff structures at this stage is the introduction of demand tariffs for small customers. We do not have enough data available to accurately price demand charges

Demand charges require customers to have an awareness of the maximum demand they use *at any one time* – customers who use a high level of energy, even if it is just once in a billing period, would pay accordingly.

Most of our customers would not have this awareness and the prevalence of basic accumulation meters in our network area means they are unable to gain that understanding without investing in interval meters. An additional consideration is that customers would first need to pay for their meter to be changed.

The Victorian Government has progressively rolled out smart meters to most Victorian premises and the Victorian distributors have put forward TSS's that are moving to demand charging. We will closely monitor the impact that these tariffs have on Victorian network demand to see if customers actually change their usage, with the subsequent flow on effect of reducing network costs.

A recent CSIRO research paper titled "Australian Consumers' Likely response to Cost-Reflective Electricity Pricing" (Attachment 11 to our TSS) found that consumers are especially resistant to demand charging, most likely due to its greater complexity and perceived risk.

The results of the CSIRO study, combined with our existing metering technology and view that many customers don't really understand demand charging, supports our 'wait and see' position. So, whilst we are not presently considering demand tariffs for the bulk of our customers, it is something we will revisit, in conjunction with our customers and stakeholders, for the next regulatory period.

Declining block tariffs versus other tariff structures

We received feedback about our proposed declining block tariffs (DBT). While retailers generally supported a DBT most other stakeholders indicated they did not support it as they felt it was not an incentive to use electricity efficiently.

Declining block tariffs are now in place across the three network businesses in NSW. A declining block tariff will cushion most of our customers from "bill shock" in coming years.

We are taking a mid-term to long-term view of the steps required to make the transition to cost-reflective tariffs, especially given our existing metering constraints. In this light, we believe a declining block tariff is appropriate for the two years from 2017 – 2019 as part of our transitional arrangements

Food & Fibre tariffs

We received conflicting opinions as to whether the NSW Agricultural industry should have their own set of tariffs.

Irrigator / grower industry groups supported multiple, flexible tariffs to fulfil the diverse needs of users if they came at a lower cost than current tariffs.

Alternative options put forward by industry were flat rate tariffs; the removal of demand charges; more flexible demand charges; or the forward selling of 'electricity bundles' at a set rate that could be used at any time. Such tariffs would not send efficient price signals to customers so they would not be compliant with the new Rules.

Other stakeholders raised concern that in attempting to separately treat customers based on industry, rather than usage, there was an increased risk of cross subsidisation. It was thought that there are other industries that face seasonal usage and occasional downturns, for example Aquatic centres.

It was also thought that there needs to be a balance between capturing the unique characteristics of certain customer classes and having such an expansive set of tariffs that it becomes administratively costly and burdensome. As such, these groups saw industry tariff concerns as a matter for Government policy and assistance.

As such, we have not implemented a separate set of tariffs for such an industry group in this TSS.

Low demand sites

It was suggested that we look at creating a special network tariff for small sites, where electrical supply is only used for low amperage supply, for example to charge batteries used for SCADA systems. Accounts for these sites are predominantly transmission and network costs with a very small energy cost component.

Unfortunately, most of our network costs are largely fixed, regardless of customer demand, so the fixed component of our network charges is necessarily high compared to what an urban electricity distributor would charge.

We suggest that such customers contact their Retailer to discuss their (metering and tariff) options to ensure they are on the most appropriate tariff.

Virtual net metering

We received quite a bit of feedback asking for virtual net metering to be considered. This is when a customer who generates electricity at a site can sell any excess electricity they produce to another nearby consumer.

Essential Energy is currently undertaking a virtual net metering trial with Byron Bay Shire Council. The results of this trial will be used in developing our next TSS and we will continue to consult with our customers on the possibility of extending virtual net metering across our network area.

Seasonal variations in demand

Our current demand charges do not recognise seasonal variations in demand. It was suggested that tariffs should reflect seasonal variability.

We experience variability in peaks across our network, with some areas peaking in winter and some in summer. As a result, we are not looking at introducing seasonal based peak demand tariffs at this stage. It is, however, an area we will continue to consider in future regulatory periods.

Public lighting charges

Concern was raised as to the delay in the implementation of a street lighting price structure for LED lighting in our network area. We are looking to introduce an LED luminaire tariff, however, we are unable to progress this with the AER until after the appeal process relating to our 2014-19 regulatory determination has been finalised. Once the appeal process has been completed we will endeavour to get an LED tariff rate in place as soon as possible.

Other feedback questioned whether we have any incentive to upgrade street lights to more efficient lighting. We will soon introduce LED lighting as an option within our standard streetlight inventory. Once this is available, we will work with Councils to progress roll-out options.

Concern was also raised around the need to recover the cost of capital for existing public lighting. The NSW Government is currently exploring barriers to the introduction of more efficient public lighting. Unrecovered capital is one of the matters being considered as part of this review.

Meter upgrades

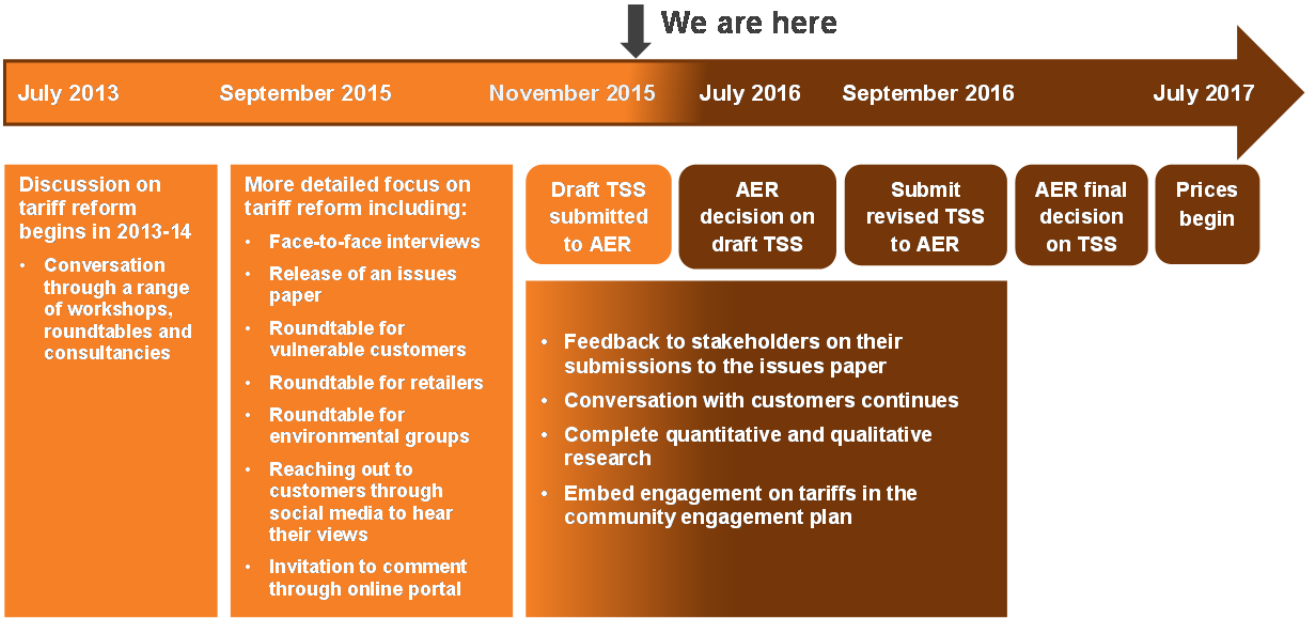
Overwhelmingly, feedback supported customers paying for their own meter upgrades, with the option of payments over a longer term for more expensive meters.

We expect the proposed Competition in Metering Rule change, currently being considered by the AEMC, will address this issue. At this stage, Meter Providers will begin the competitive rollout of meters in 2017 and are expected to provide customers with a range of meter payment and ownership options.

On-going customer and stakeholder feedback

The timeline for finalising our first TSS is shown below. We are committed to on-going and open dialogue with our customers and stakeholders over the next ten months when we are due submit our revised TSS with the AER.

There will be more consultation time available during this period and we encourage stakeholders to submit their views. Contact details for providing feedback can be found on the back page of this overview document.



Our tariff setting methodology

The objective of the new Rule is that the network prices we charge each customer should reflect our business's efficient costs of providing network services to that customer.

Specifically, each tariff must be based on the long run marginal cost (LRMC) of providing the service to which it relates to the retail customers assigned to that tariff.

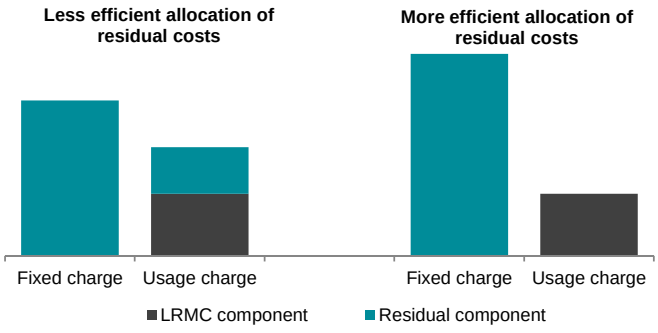
What are 'efficient prices'?

Efficient pricing preserves the LRMC (cost of consuming or supplying one more unit) while also allocating costs that have already been incurred (residual costs) in a way that will provide price stability and take into consideration any impact to customers.

Efficient pricing needs to signal to customers the future network cost of consuming the next unit of electricity. Where there are no network constraints, such as in off-peak times, this cost will be very low. However, if the network is reaching capacity at peak times, the cost to the network of consumers using more energy/demand at that time will grow until it requires us to augment the network to continue to meet the demand. These additional costs should, under the Rules, be reflected in the variable usage charge of the tariff structure.

To encourage customers to make more efficient use of the network (make better use of the spare capacity currently available), more efficient price structures would have:

- A larger fixed component, to better reflect the costs of building and maintaining the current network
- Lower variable charges (reflecting the cost of future increases to the network from additional consumption.)



Balancing efficient prices with the impact of change on customers

Our tariff transition strategy under the new Rules must balance:

- Prices that promote efficient use of the network (within the confines of existing customer meter technology)
- The impact of price changes on customers.

By sending more accurate price signals to customers through our tariffs, we hope to encourage a more even customer consumption of electricity. This will allow us to defer augmentation (growth) expenditure and, in turn, eliminate unnecessary increases in customer prices.

Adherence to the pricing principles

We have adhered to the pricing principles of the Rules in setting our tariff structures. We have also aimed to:

- Ensure our tariffs are simple and transparent
- Fairly allocate costs between customers based on their share of relevant network costs
- Maintain predictable and relatively stable prices over time
- Empower customers to make efficient electricity consumption choices
- Alleviate or defer unnecessary capital expenditure that would otherwise increase prices to customers.

These goals reflect the requirements of the National Electricity Law and the National Electricity Rules and reflect our understanding of what customers want from their electricity distributor.

The concept of marginal cost and more specifically LRMC is explored in detail in our TSS.

Our proposed network tariff structures

Our tariff classes

Rather than setting specific prices for every customer on our network, we group customers with similar characteristics together into a tariff class. This ensures that customers with similar consumption profiles and network demand pay similar prices.

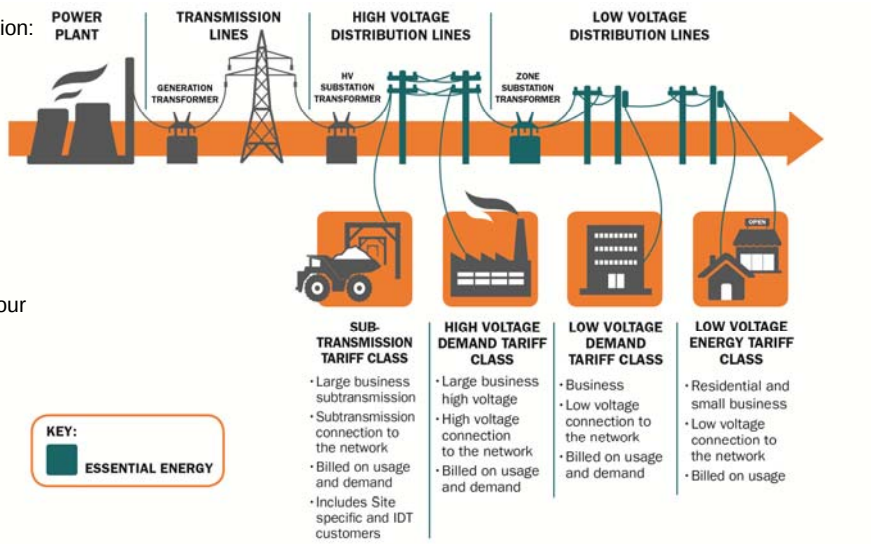
Our tariff classes have been established taking into consideration:

- Historical pricing structures
- Existing metering capability and the cost effectiveness of metering options
- The connected voltage level
- The cost-benefit of providing further disaggregation into additional tariff classes.

We propose to group our customers into one of the following four tariff classes:

- Subtransmission
- High voltage demand
- Low voltage demand
- Low voltage energy.

These tariff classes are identical to our existing classes with the exception of Inter Distributor Transfer (IDT) customers now forming a part of the Subtransmission class. A summary of our tariff classes, customer types and their associated characteristics is shown in the picture below.



Our network tariff structures

Our actual network tariffs will be determined each year through the AER's annual pricing proposal process, but must comply with the structures set out in our TSS. A summary of our proposed network tariff structures for 2017–2019 are set out in the following tables.

Our proposed tariff structures are similar to our current structures There is, however, one change to our tariffs with the introduction of differing rates for peak and shoulder energy use and demand charges. The large presence of basic accumulation meters within our network area severely limits the types of tariffs we can offer at this stage.

In addition, we are keen to observe the outcome of the Victorian distributors move to demand charges over the next few years, particularly whether their introduction does actually result in customers changing their consumption behaviour.

This "wait and see" position is supported by the June 2015 CSIRO Study – "Australian Consumers Likely Response to Cost-Reflective Electricity Pricing" (Attachment 11 to our TSS) which found consumers to be especially resistant to demand charging.

Residential customers proposed structures

Tariff	Structure	Charging parameter
Residential declining block (default tariff)	Fixed	Network access charge as a fixed amount per day
	Energy	Three tier declining block tariff
Residential Time of Use (opt in tariff)	Fixed	Network access charge as a fixed amount per day
	Energy	Peak, shoulder and off-peak rate based on energy consumed in each period

Small business customers proposed structures

Tariff	Structure	Charging parameter
Business declining block (default tariff)	Fixed	Network access charge as a fixed amount per day
	Energy	Two tier declining block tariff
Business Time of Use (opt in tariff)	Fixed	Network access charge as a fixed amount per day
	Energy	Peak, shoulder and off-peak rate based on energy consumed in each period

Controlled load customers proposed structures

Tariff	Structure	Charging parameter
Controlled load 1	Fixed	Network access charge as a fixed amount per day
	Energy	Flat rate based on usage with set hours overnight on weekdays and weekends except where the load is controlled by a time clock
Controlled load 2	Fixed	Network access charge as a fixed amount per day
	Energy	Flat rate based on usage with set hours per day on weekdays and all hours on weekends except where the load is controlled by a time clock

Large business customers proposed structures

Tariff	Structure	Charging parameter
High voltage – Time of Use average daily demand	Fixed	Network access charge as a fixed amount per day
	Energy	Peak, shoulder and off-peak rate based on energy consumed in each period
	Demand	Demand charge calculated on the average daily time of use demand for peak, shoulder and off-peak periods for the month.
High voltage – Time of Use monthly demand	Fixed	Network access charge as a fixed amount per day
	Energy	Peak, shoulder and off-peak rate based on energy consumed in each period
	Demand	Maximum demand charge based on the highest measured half-hour kVA demand registered in each of the peak, shoulder and off-peak periods during the month.

NB. Unmetered tariff structures are not shown in this overview paper. Their structures remain unchanged – full details can be found in our TSS document.

Business customers proposed structures

Tariff	Structure	Charging parameter
Low voltage – Time of Use average daily demand	Fixed	Network access charge as a fixed amount per day
	Energy	Peak, shoulder and off-peak rate based on energy consumed in each period
	Demand	Demand charge calculated on the average daily time of use demand for peak, shoulder and off-peak periods for the month.
Low voltage – Time of Use three rate demand	Fixed	Network access charge as a fixed amount per day
	Energy	Peak, shoulder and off-peak rate based on energy consumed in each period
	Demand	Maximum demand charge based on the highest measured half-hour kVA demand registered in each of the peak, shoulder and off-peak periods during the month.
Low voltage – Time of Use demand alternative	Fixed	Network access charge as a fixed amount per day
	Energy	Peak, shoulder and off-peak rate based on energy consumed in each period
	Demand	Maximum demand charge based on the highest measured half-hour kVA demand registered in either the peak or shoulder periods during the month.

Large business subtransmission customers proposed structures

Tariff	Structure	Charging parameter
Subtransmission – three rate demand	Fixed	Network access charge as a fixed amount per day
	Energy	Peak, shoulder and off-peak rate based on energy consumed in each period
	Demand	Maximum demand charge based on the highest measured half-hour kVA demand registered in each of the peak, shoulder and off-peak periods during the month.
Site specific	Various	Various

Have your say

You can provide feedback on our TSS in a number of ways:

> Send an email to ourplans@essentialenergy.com.au

> Contact us directly via the details at the bottom of this page

What happens next?

> We look forward to hearing more from our stakeholders and will continue to work closely with them on tariff reform

> The AER will make a preliminary decision on our TSS in July 2016.

> Our revised TSS will be submitted to the AER in September 2016.

> The first of our prices developed under our TSS will be introduced on 1 July 2017.

Contact us

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