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EnergyAustralia Network Annual Prices Report

April 2008

CONTENTS

1 Overview

This Annual Prices Report summarises the key elements of EnergyAustralia's 2008-09 network pricing proposal and outlines the underlying pricing goals and strategy. Specifically, it seeks to:

(a) outline the principles behind EnergyAustralia's Network Use of System (NUoS) pricing, comprising the Distribution Use of System (DUoS) and Transmission Use of System (TUoS) components; and

(b) fulfil the Independent Pricing and Regulatory Tribunal's (IPART's) requirement for supplementary pricing information in order to assess compliance with new DNSP regulatory arrangements.

For regulatory purposes, this document provides further detail regarding EnergyAustralia's Annual Tariff Compliance Spreadsheet which contains proposed FY09 network tariff components and ensures compliance with the Weighted Average Price Cap (WAPC) form of regulatory control, network price limits and residential fixed charge limits.

The proposed 2008-09 prices described in this document have been formulated in accordance with the directions set out in EnergyAustralia's Network Pricing Strategy Statement, originally produced in 2004 and available at www.energy.com.au.

2 Regulatory Arrangements

This Annual Prices Document pricing proposal is the fifth to be submitted in accordance with Annexure 17 of the IPART 2004 Determination, based on the WAPC form of regulation.

Under the regime, prices are subject to a set of compliance criteria and the DUoS component of tariffs must comply with the WAPC form of regulatory control. The following three price constraints apply:

(a) The WAPC "basket" of proposed FY09 DUoS tariffs is limited to an overall increase of:

= CPI + 1.6% + D_{t+1} based on audited 2006-07 consumption data

= 2.3% + 1.6% - 0.1%

= 3.8 % increase in DUoS prices

D_{t+1} is an adjustment on prices for an allowance for demand management initiatives approved by IPART, for FY09 the proposed D-Factor = -0.1%, and is currently before the Tribunal for their consideration. This proposal has assumed that this will be approved.

(b) A price limit also applies to each NUoS tariff, except for those of large Cost Reflective Network Price (CRNP) customers. = CPI + L

= 2.3% + 4.5%

= 6.8% (note the D_{Factor} allowance applies only to DUoS component of tariffs)

EnergyAustralia is seeking a departure from this price limit for 2008/09 to accommodate additional transmission costs, and has calculated this to be:

= 2.3% + 6.4%

= 8.7%.

This proposal is discussed in more detail at section 5.1 *Transmission Network Prices (TUoS).*

Although CRNP sites are not subject to the price limit, the relevant DUoS components of their tariffs come under the WAPC.

(c) The fixed component of any domestic tariff can not increase by more than $30 per annum.

In addition to the WAPC form of regulation, there is a range of reporting requirements specified in Annexure 16 of the Final Determination. Details of the reporting requirement for the Annual Pricing Report are given in Annexure 17, which states that a DNSP must:

1. list proposed prices for network tariffs and miscellaneous charges and monopoly fees;

2. discuss the forthcoming changes in network tariffs, the prices, structure or associated criteria, and any new or obsolete Network Tariffs, and the reasons for the change;
3. explain how the prices meet the regulatory arrangements, including price limits on network tariffs, weighted average price cap control formula, and provide for the recovery of Transmission Related Payments;
4. demonstrate the impact of the forthcoming change in the Network Tariffs on typical customer's bills, including disclosing forecast average prices (based on typical bill categories);
5. confirm and demonstrate that the prices are consistent with the Pricing Principles and the information in the Network Strategy Statement;
6. outline the expected levels of service and projected capital expenditure projects that will occur for the coming Year; and
7. outline the expected consumption for major customer classes and maximum demand for the coming Year.

3 Overall Pricing Goals

In this 2008-09 pricing proposal, EnergyAustralia is continuing to pursue the pricing goals detailed in the Network Pricing Strategy Statement. These primary goals have underpinned our annual pricing proposals over previous years and are consistent with the IPART Pricing Principals specified in Annexure 13 of the Final Determination.

Broadly, EnergyAustralia again for this coming year is looking to achieve the following medium term pricing goals:

- achieve economic efficiency by allocating full costs to the customers that incur them (allocative efficiency);
- strive for continuous productivity improvements, innovations and efficient use of resources (dynamic efficiency);
- recover adequate revenue, subject to regulatory constraints, to sustain the network business, provide for future investment and maximise shareholder value;
- encourage economic behaviour by consumers through cost-reflective pricing and the use of price signals;
- ensure stakeholders (customers, Government, IPART) are satisfied to the greatest extent possible and can understand how network prices are derived; and
- facilitate demand management, by using price signals to constrain demand where this is justified for environmental and cost-related reasons.

In regard to the revenue sufficiency objective, demand forecasts continue to be a crucial input to the WAPC form of regulation, placing regulated network businesses at risk of large variations in weather conditions and the economy to deliver a "normalised" outcome and thus ensure financial capital maintenance is realised.

The pricing goals outlined above, in combination with the type of metering at customers' premises, have given rise to the current structure of the individual network tariff components, which include:

- fixed charges, necessary to ensure revenue sufficiency and recover costs not related to usage;
- energy usage rates, set to recover long-run marginal costs where possible and send time-of-use pricing signals to relevant customers;
- inclining block rates, designed to reflect the increasing incremental costs associated with high levels of electricity consumption; and
- peak capacity charges, based on maximum consumption in a peak period half-hour and designed to target a customer's contribution to capacity augmentation (peak demand drives enhancement of the network and incremental network costs).

4 Specific Pricing Strategies

In order to achieve these overall pricing goals, EnergyAustralia will be implementing specific pricing strategies for 2008-09. These strategies draw heavily from EnergyAustralia's medium-term pricing strategies articulated in the Network Strategy Statement 2004[1], and are summarised as follows:

- improving cost allocation by identifying the true costs of providing network services to each customer of group of customers;
- refining price structures within tariffs by improving economic signals to match the various cost components of the network, with particular emphasis on peak period consumption;
- providing transparency in price setting, ensuring customers understand how their network charges were derived;
- ensuring prices are equitable by ensuring cross subsidies do not exist, with prices falling between their marginal and stand-alone cost;
- keeping prices relatively stable, by avoiding large upward price shocks, phasing in large price increases where necessary (thus ensuring prices are sociably and politically feasible).
- ensuring compliance with the WAPC, individual network price limits and restrictions on fixed residential charges.

All of these objectives are consistent with the cost reflective options presented by EnergyAustralia to IPART in submissions to their 2004 Network Pricing Determination.

EnergyAustralia utilises its Cost of Supply Model to determine cost reflectivity for large individual customers and groups of tariff customers. This model, which is updated annually, serves as a guide to the direction of price movements of individual tariff components. However, balancing pricing objectives, such as the need to guard customers from substantial price shocks, often constrain prices from being set at the level recommended by the Cost of Supply Model in a given year.

1 www.energy.com.au/energy/ea.nsf/AttachmentsByTitle/Network_Pricing_Strategy_Statement_20045_Draft/$FILE/EA+Network+Pricing+Strategy+Statement+2004-5%28DRAFT%29.pdf

5 Implementing Network Pricing Strategies in 2008-09

This section outlines the movement in various tariff components for broad tariff categories and customer groups, pursuant to the overarching pricing goals and objectives mentioned earlier. A summary of 2008/09 NUoS tariffs and price changes (as listed in the IPART Compliance Sheet) is provided in Appendix 1.

5.1 Transmission Network Prices (TUoS)

TransGrid acts as the co-ordinating Transmission Network Service Provider in NSW and calculates location specific transmission prices for both TransGrid and EnergyAustralia networks in accordance with the provisions of the National Electricity Rules (the Rules). EnergyAustralia provided its system and loading data to TransGrid, with the revenue for both organisations derived from the ACCC's final transmission network determinations. In TransGrid's case, their 2008-09 revenue will again be offset due to revenue from settlement residue auctions.

It is proposed to retain the same ToU energy price structure as in earlier years, for the prices at EnergyAustralia Transmission Connection Points. Most TransGrid connection points have a price structure of a ToU energy charge and a kW Demand component.

The TUoS cost allocation has been directly reflected in the prices of CRNP customers and these prices are also affected by individual consumption patterns and any network configuration changes.

5.1.1 Departure from Price Limits for 2008/09

As part of this pricing proposal, EnergyAustralia is seeking a departure from the price limit, as considered under Clause 2.1 (a) and (b) of Rule 2004/2. On May 19 2008 TransGrid advised EnergyAustralia that it proposes to increase EnergyAustralia's transmission price by approximately 24% in 2008-09, amounting to an additional $26 M in transmission revenue that EnergyAustralia needs to collect through tariffs to end use customers (other items listed below contribute to an additional $31M that needs to be collected beyond that allowed by the price limits set within the Determination). This increase is understood to be attributable to a range of factors, including reduced offsetting settlement surpluses following the removal of the Snowy region and contingent events associated with the development of their 500 kV network.

The prices in EnergyAustralia's Annual Pricing Proposal have been set on the basis that price limits will be relaxed to CPI + 6.4% for 2008/09. Therefore, prices as submitted do not comply with the IPART Determination No 2, 2004. EnergyAustralia is in discussion with IPART about what measures are available to seek relief on this matter. A formal application to IPART has been submitted as an attachment to EnergyAustralia's pricing proposal. This application is required under Clause 2.2 of Rule 2004/02 to depart from the price limit.

5.1.2 Breakdown of Transmission Cost Recovery Payments

The table below shows a comparison of total expected TUoS revenue received by EnergyAustralia and total Transmission Related Payments for FY09 Transmission Related Payments derived from the ACCC's Final Determination. Figures are calculated assuming that price limits are relaxed:

Table 1: Transmission Cost Recovery Unders/Overs Account Summary for FY09

Anticipated FY09 TUoS Revenue and Payments $'000		**2008-09**
REVENUE	Transmission Cost Recovery (TCR) Tariffs	291,702
MINUS	Total EA Transmission payments (net of settlement residue)	286,276
	Transmission revenue collected by TNSPs	*320,644*
	Settlement Residue Payments	*-42,604*
	Expected avoided TUoS payments	*793*
	Inter-distributor payments expected to be paid	*7,443*
MINUS	Recovery of Unders/(Overs) from previous years	5,144
MINUS	Net Interest applied in FY09	236
EQUALS	Transmission related payments over-recovery	47

Based on 2008-09 estimated consumption, it is anticipated that EnergyAustralia will recover $291.7 million in TUoS revenue.

5.2 Network Use of System Prices (NUoS)

EnergyAustralia's Network Use of System (NUoS) Price List for 2008/09 is available on our website by referencing www.energy.com.au/network_prices. A comprehensive explanation of EnergyAustralia's distribution pricing policies can be found in *our ES7 – Application of Network Use of System Charges* publication available from the same source.

Average Price Change in 2008-09

In its 2004 Final Determination, IPART has allowed for an average DUoS price change of CPI + 1.6% + D_{t+1}, which equates to a 3.8% increase in 08/09[2]. However, based on the pricing objectives of improving cost reflectivity and shielding individual customers from substantial price rises, this price increase has not been uniformly applied.

Overall NUoS prices in FY09 are proposed to increase on average by 10.5%, which accounts for a general price increase to cover ongoing costs and also makes an allowance for additional capital expenditure to meet ongoing planning standards for reliability, particularly those relating to upstream transmission services.

Inclining block structure for domestic and business tariffs in 2008-09

The inclining block tariff component continues to be a successful low-cost option for making the standard regulated domestic and business tariffs more cost reflective. Despite not being specifically targeted at summer consumption, the inclining block tariff can be effective in signalling the significant costs associated with air-conditioning load on the network, due to the difference in consumption levels for customers with and without air-conditioning. The retention of this tariff structure should continue to create an incentive for larger customers to migrate to other more cost reflective prices such as time of use. Consumption estimates for blocks 1 and 2 are estimated using audited 2006-07 consumption data, adjusted for expected tariff movements in 2007-08.

For the Domestic tariff, block 2 will apply when consumption exceeds 1,750kWh per quarterly billing period (7 MWh per annum). For the LV Business non-ToU tariff, block 2 will apply when consumption exceeds 2,500 kWh per quarterly billing period (10 MWh per annum). This remains unchanged from the 2007/08 structure, but may be reviewed for the 2009/10 price change.

Network Access Charge for domestic and non-ToU business tariffs

The NAC charge for domestic and non-ToU business tariff customers is proposed to increase by 11.9%.

Summary of pricing proposal for domestic and non ToU business customers

The following table sets out the price changes for domestic and single rate business customers resulting from the proposed changes to the inclining block and increased NAC.

Table 1: Proposed FY09 vs Current FY08 Inclining Block Prices (ex GST)

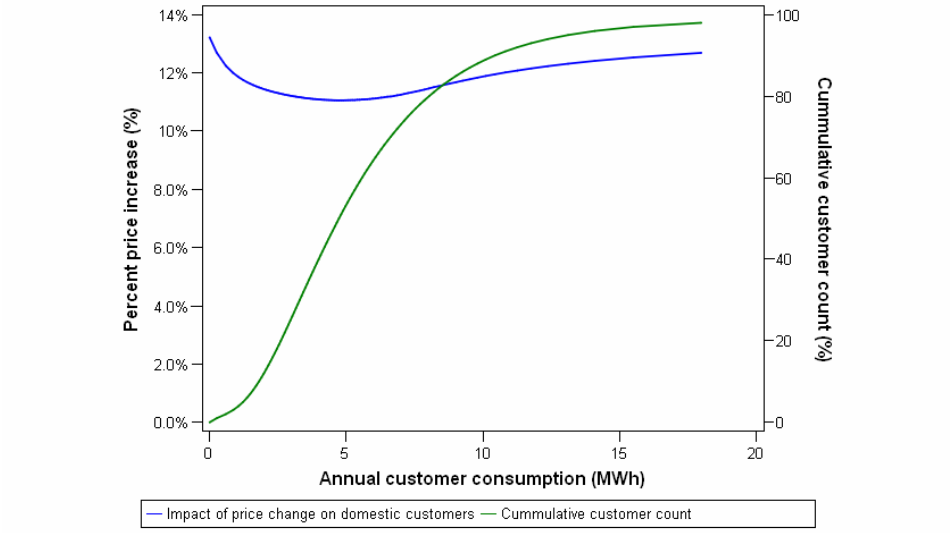
[2] CPI for the average of four quarters to December 2007 was 2.3% and approved D Factor for FY08/09 was -0.1%.

	NAC (c/day)	Block 1 ¢/kWh	Block 2 ¢/kWh	Step kWh/quarter
Domestic FY08	14.4500	5.0771	7.4106	1,750
Domestic FY09	16.1700	5.5929	8.3832	1,750
Business non ToU FY08	43.1300	4.2846	6.3497	2,500
Business non ToU FY09	48.2500	4.7348	7.1046	2,500

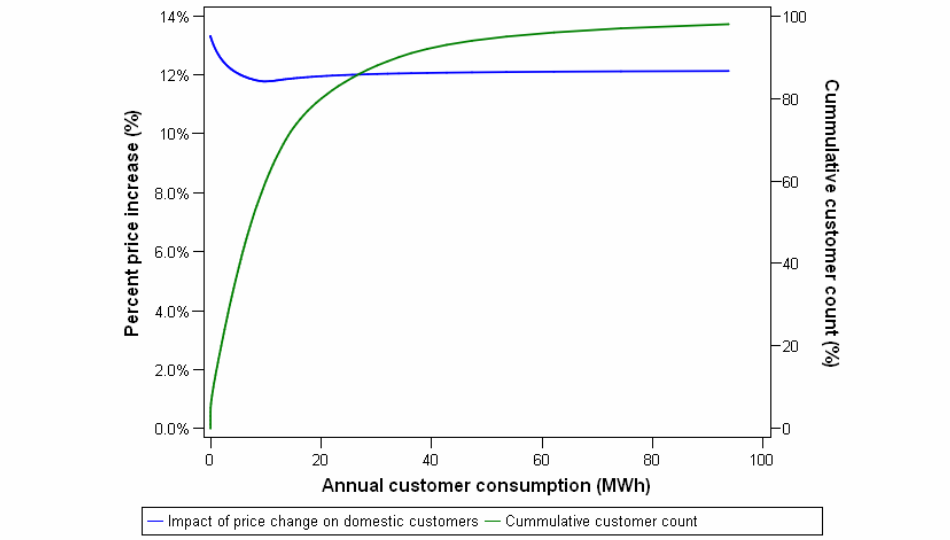
Note: Includes Climate Change Fund and reliability planning standards pass through amounts.

The percentage price changes for domestic and non-ToU business inclining block prices compared to FY08 prices are shown on the graphs below.

EA 010 Domestic (Obsolete)
Impact on residential customers from changes to Inclining Block Tariffs



EA 050 LV Business non-ToU (Obsolete)
Impact on business customers from changes to Inclining Block Tariffs



It can be seen that the differing size profiles and block step between domestic and business non-ToU customers causes different pricing outcomes. The block prices are structured so that customers who consume more electricity will receive a higher overall price increase. The domestic IBT tariff has a lower fixed charge by comparison to the business tariff so that low consumption customers are not disadvantaged. The outcome of the proposed changes in terms of dollars impact is summarised in the table below.

Table 2: Network Bill Impacts on Proposed FY09 vs Current FY08 Inclining Block Tariffs (ex GST)

Consumption	Domestic annual network bill				Business non ToU annual network bill		
kWh p.a.	FY08	FY09	Diff. p.a.	per week	FY08	FY09	Diff. p.a.
1,000	$ 103.51	$ 114.95	$ 11.44	$ 0.22	$ 200.27	$ 223.46	$ 23.19
2,500	$ 179.67	$ 198.84	$ 19.17	$ 0.37	$ 264.54	$ 294.48	$ 29.94
5,000	$ 306.60	$ 338.67	$ 32.07	$ 0.62	$ 371.65	$ 412.85	$ 41.20
7,000	$ 408.14	$ 450.52	$ 42.38	$ 0.82	$ 457.35	$ 507.55	$ 50.20
10,000	$ 630.46	$ 702.02	$ 71.56	$ 1.38	$ 585.88	$ 649.59	$ 63.71
15,000	$ 1,000.99	$ 1,121.18	$ 120.19	$ 2.31	$ 903.37	$ 1,004.82	$ 101.45
25,000	$ 1,742.05	$ 1,959.50	$ 217.45	$ 4.18	$ 1,538.34	$ 1,715.28	$ 176.94

The impact on domestic customers up to the average size of 5,700 MWh is approximately 70¢ per week.

EA025 LV Energy40 ToU (System) and EA026 LV Energy40 ToU (Substation)

These tariffs apply to customers using between 0 and 40 MWh of electricity a year. The overall tariff increase is 10.6% and 8.7% respectively for FY09. Although price limits stipulate a maximum 6.8% NUoS increase for FY09, additional transmission price increases require that prices rise above this constraint to ensure adequate cash flow, and minimise price shocks that would take place if recovery of these amounts was deferred.

Increasing the number of customers on ToU pricing

Since March 2005 all new and upgraded multi-phase connections to the network have been placed on a ToU tariff. Since that time no new customers (or transfers) have been placed on non-ToU Inclining Block tariffs. Existing customers on Inclining Block tariffs as at March 2005 have been transferred to ToU tariffs soon after an interval meter is installed at a customer's site.

The ToU rollout involves:

- A transfer of business customers from EA050 LV Business non-ToU to the EA025 LV Energy40 ToU (System) tariffs and EA302 LV kW Capacity ToU (System) and;
- A transfer of domestic customers to EA025 LV Energy40 ToU (System) tariff.

In the 2007 calendar year the number of customers on non-ToU tariffs EA010 Domestic & EA050 LV Business non-ToU has decreased by 4% and 9% respectively. Over the same period, the customers on ToU EA025 have increased by 112% to 142,000.

Time of Use Retailer Incentive Tariff: EA024 No NAC Energy40

Customers with a type-6 who request access to a Time of Use (ToU) based tariff presently incur a cost of approximately $200-$300 for the installation of a type-5 meter capable of supporting a ToU tariff. EnergyAustralia network provides the meter free of charge to such customers. A tariff is available that replicates the existing EA025 LV Energy40 ToU tariff, with the exception that it doesn't include a network access charge (NAC) for a period of three years. This equates to $242 over the three year period, equivalent to the average cost of a meter installation. After the three year period, the network billing will revert back to the default ToU tariff, presently LV Energy40 ToU.

The intent of the tariff is to provide a rebate to the retailer to offset the cost of a type-5 meter installation. As before EnergyAustralia Network provides the interval meter. Whether the retailer funds the meter installation through the use of an accredited service provider (ASP) and recoups the cost over the three year period through the reduced access charge or simply passes the reduced network tariff onto the customer highlighting the saving equivalent to the meter installation cost will be a matter for how the product is marketed by the retailer.

The tariff only applies to customers without a type-5 meter who are not covered in the mandated roll out. This tariff doesn't apply to new and upgraded installations where a type-5 meter would have otherwise been installed as part of that new or upgraded installation. These sites are usually identified

by mechanisms such as a notice of service works. This incentive tariff only applies where the retailer specifically puts a customer on ToU pricing. The tariff is capped to a given number on a first in basis.

Controlled Load Tariffs EA030 Controlled Load 1 & EA040 Controlled Load 2

The Controlled Load Tariffs enable small customers to make savings by using electric hot water heaters at times that are of benefit to the network (ie. off-peak). Two tariffs are available due to two different standard times for controlled electricity load usage.
It is proposed to increase the overall price for Controlled Load 1 and Controlled Load 2 by 9.2% and 9.7%; these price impacts are both below the average tariff increase of 10.5% (inclusive of ESF and pass-through costs). The differential between these tariffs and the off peak rate of ToU tariffs is to reflect their value to the network in enabling the deferral of capital expenditure.

EA302 LV kW Capacity ToU (System) and EA303 LV kW Capacity ToU (Substation)

These tariffs are for customers consuming between 40 MWh and 160 MWh of electricity a year. They feature a daily charge, energy charges, and a capacity charge. The capacity charge is measured in real power (kW) rather than reactive power (kVA) due to metering constraints.
The overall tariff increase is 9.8% and 10.0% respectively for FY09. Although price limits stipulate a maximum 8.7% NUoS increase for FY09, planning standards require extra capital approved by IPART to be spent, and this additional cost does not fall within the price limits imposed by IPART.

EA305 LV Cap 750 (System) and EA306 LV Cap 750 (Substation)

These tariffs were introduced from July 2007 and apply for customers using between 160 MWh and 750 MWh of electricity per year. These tariffs were created to enable the capacity charge to be measured and billed in reactive power (kVA), not real power (kW). The customer transfer has proceeded successfully and as at December 2007 there were approximately 8,000 customers on these tariffs. The overall tariff increase is 10.0% and 9.9% respectively for FY09.

Demand ToU Prices (EA310, EA320, EA370, EA380 and EA390)

These prices apply to customers using in excess of 750 MWh per year. To date these tariffs have featured both a monthly demand and capacity component. From 1 July 2008 the demand component will be removed and the capacity charge will be increased. In addition the monthly capacity charge will be converted to a daily rate. The overall tariff increase for these tariffs is between 9.5% and 10.4% respectively for FY09.

Removal of the demand component

In network tariffs to apply from 1 July 2008, the demand component has been removed (where applicable) and the capacity component has been increased by a comparable amount. This applies for large business customers which currently have a monthly kVA demand charge applied to their bill. These are tariff customers EA310, EA320, EA370, EA380 and EA390. CRNP customers will be transferred to this framework at the next price change.

The demand component is a measure of the customer's peak hourly consumption over the monthly bill period. Removing the demand component will be achieved by allocating half of the revenue attributable to demand into the capacity component of tariffs in FY09. This pricing restructure has been a two year process and was undertaken with an aim of maintaining revenue neutrality. In the first stage the demand tariff was halved and the associated revenue was allocated to the FY08 capacity charges. This second and final stage will see the demand component removed entirely and the remaining revenue will also be recovered in the new capacity charges for FY09.

Capacity is a function of demand, being the highest demand in the previous 12 months including the current bill month and therefore better reflects long term marginal cost. The impact of the capacity charge is related to the customer's utilisation of the network as defined by their load factor. This load factor is a measure of the average consumption of the customer as a percentage of their maximum consumption or peak demand. Under this new tariff reform customers with poor or low load factor would experience a relatively higher increase in their charges than those with a good or high load factor. This is because the capacity charge is a more persistent long term signal than the demand charge.

Changing the Capacity Charge to a Daily Rate

A further change to the Demand ToU tariffs (EA310, EA320, EA370, EA380 and EA390) is to convert the monthly capacity charge to a daily rate. A daily capacity charge will make network billing simpler in situations where customers have transferred to a new retailer in any given month. Currently a pro-rata

is used on the monthly capacity charge for customer transfers, and to improve transparency with our billing we will introduce the daily charge from 1 July 2008.

CRNP customers

The individually calculated prices of large customers are confidential to the customers concerned. What follows is a general discussion of the price movements and their treatment.

The intent of the National Electricity Rules is that TUoS prices should be directly reflected in customer prices in a cost reflective manner. Thus, it is proposed to pass these increases through in full. EnergyAustralia is required by Clause 6.18A of the Code to provide such customers upon request with unbundled TUoS and DUoS charges and details of the method of TUoS allocation.

Significant movement in the DUoS component of some individual cost reflective prices has also taken place, mainly due to the latest valuation of EnergyAustralia's network causing an increased Optimised Replacement Cost (ORC) of certain sub-transmission assets common to many CRNP customers. Any large changes in the cost reflective DUoS amounts will be subjected to transition, with a maximum NUoS price increase of 17.5% in FY09 (the exception being for customers with a direct connection to the transmission system and who receive a full pass through of these costs). EnergyAustralia will be looking to move CRNP customers to cost reflectivity as soon as possible over the next few years.

5.3 Miscellaneous and Monopoly Revenue

An explanation of Miscellaneous and Monopoly charges and their application is provided in EnergyAustralia's *ES5 – Miscellaneous and Monopoly Service Charges* publication available from our website by referencing www.energy.com.au/network_prices.

Miscellaneous services are non-routine services such as special meter reading, disconnection and re-connection services. Monopoly services are services related to extensions, augmentations or connections to the network. IPART has determined the revised price of these services in its 2004 Determination.

Appendix 2 provides a list of miscellaneous and monopoly charges for 2008-09.

6 Service Overview and Peak Demand and Consumption Forecasts

EnergyAustralia Network's aspirations for quality of supply and service reliability standards are set out in our *Electricity Network Operation Standards (ENOS)* publication available from our website by referencing www.energy.com.au/energy/ea.nsf/AttachmentsByTitle/ENOS/$FILE/ENOS.pdf

Please refer to this document for details relating to expected service levels for 2008-09.

In broad terms, EnergyAustralia intends to spend $884 million in overall system capital expenditure on the distribution network over 2008-09 to renew our assets, enhance reliability and expand our network for expected growth.

Detailed information on projected capital expenditure projects is available from our website by referencing www.energy.com.au/energy/ea.nsf/Content/Network+Improving+the+Network.

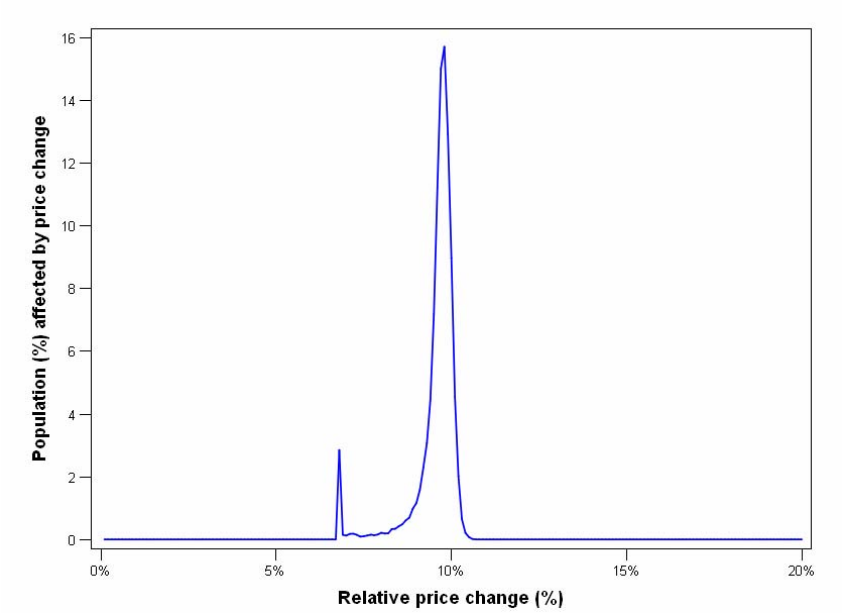
Major Customer Class	Unit	Consumption
Residential Sales	GWh	9,698
Non-Residential Sales	GWh	18,283
Major Industrial Customers & IDTs	GWh	3,113
Total Sales	GWh	31,094
Total Maximum Demand (excl major industrials & IDTs)	GW	5,680

Appendix 1 EnergyAustralia 2008-09 Tariffs and Price Changes (exl GST)

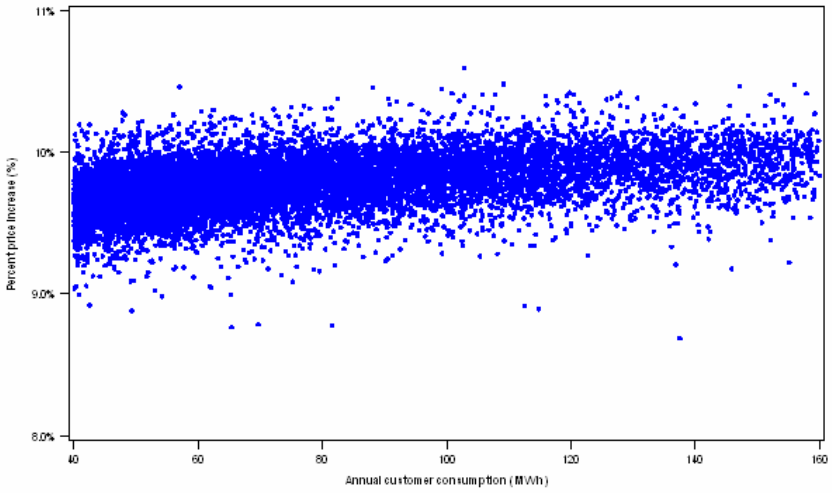
Code	Tariff Name	DLF	NAC	Energy ¢/kWh				Capacity ¢/kW or kVA per day	NUoS + Deus Plng & ESF $'000	Price Change %
			¢/day	Anytime	Peak	Shoulder	Off Peak			
130, 390	ST kVA Dem ToU	1.0226	596.27		1.5814	0.9990	0.5062	8.4204	**12,235.2**	**9.9%**
120, 380	HV kVA Dem ToU (Substation)	1.0254	518.00		2.3606	1.4271	0.6137	10.0781	**3,052.0**	**10.4%**
110, 370	HV kVA Dem ToU (System)	1.0254	518.00		2.4218	1.4656	0.6330	17.8008	**42,075.4**	**9.5%**
100, 350	HV Business ToU	1.0254	524.59		11.4107	6.4791	1.8207		**26.7**	**9.9%**
80, 320	LV kVA Dem ToU (Substation)	1.0404	156.96		3.3454	1.9825	0.8308	21.2990	**98,786.7**	**9.5%**
303	LV kW cap ToU (Substation)	1.0404	51.48		6.6247	4.0887	1.6817	10.1657	**1,532.3**	**10.0%**
306	LV Cap 750 (Substation)	1.0404	51.48		6.6247	4.0887	1.6817	8.6408	**4,523.6**	**9.9%**
291	LV Business ToU (Substation)	1.0404	136.99		11.7603	5.9707	2.3782		**18.0**	**9.9%**
26	LV Energy40 ToU (Substation)	1.0404	18.46		13.7895	2.6707	0.6981		**0.0**	**8.7%**
70, 310	LV kVA Dem ToU (System)	1.0639	185.46		3.3128	1.9677	0.8318	21.2764	**161,690.4**	**9.7%**
302	LV kW cap ToU (System)	1.0639	62.67		6.7215	4.1876	1.7815	11.3425	**122,770.8**	**9.8%**
305	LV Cap 750 (System)	1.0639	62.67		6.7215	4.1876	1.7815	9.6411	**110,963.1**	**10.0%**
60, 290	LV Business ToU (System)	1.0639	192.58		11.6082	5.8432	2.4579		**1,553.6**	**9.9%**
25	LV Energy40 ToU (System)	1.0658	22.09		13.9982	2.7299	0.7244		**125,613.1**	**10.6%**
24	No NAC Energy40	1.0658	0.00		13.9982	2.7299	0.7244		**0.0**	**10.1%**
30, 250	Controlled Load 1	1.0658	1.36	0.4129					**5,801.0**	**9.2%**
40, 260	Controlled Load 2	1.0658	1.36	2.4397					**10,546.1**	**9.7%**
27	Interruptible Load	1.0658	20.47		8.8518	2.0970	0.4769		**0.0**	**7.5%**
402	Constant unmetered	1.0639	0.00	5.0420					**751.9**	**9.9%**
403	EnergyLight	1.1008	0.00	4.1526					**267.4**	**10.0%**
401	Public lighting	1.1008	0.00	4.1526					**6,488.1**	**10.0%**
				Block 1	**Block 2**					
50, 270	LV Business non-ToU	1.0639	48.25	4.7348	7.1046				**73,077.6**	**11.4%**
010, 210	Domestic	1.0658	16.17	5.5929	8.3832				**493,046.9**	**11.0%**

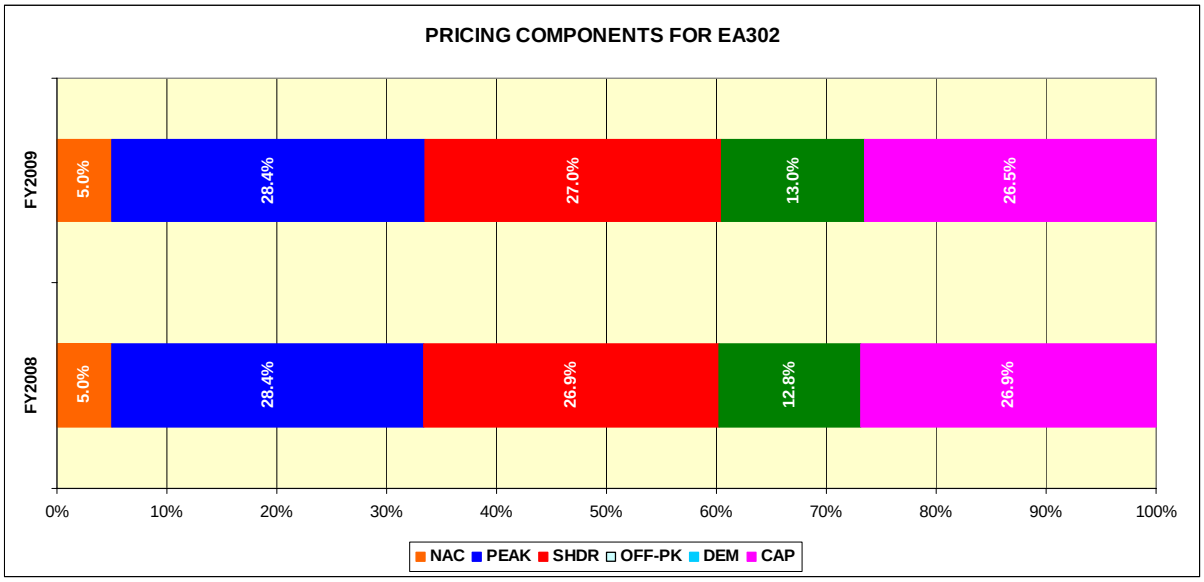
Appendix 2 Price Impact Analysis for EA300 Series of Tariffs, 2008-09 (excl GST)

EA 302 LV kW Capacity ToU (System)

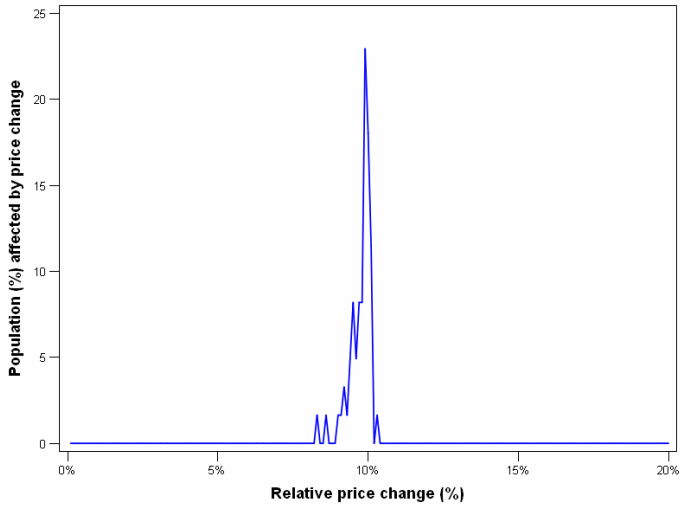


EA 302 LV kW Capacity ToU (System) scatter plot

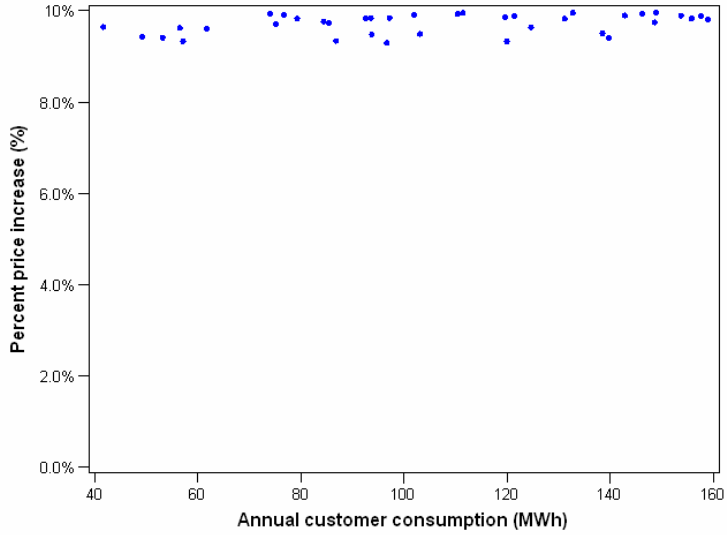


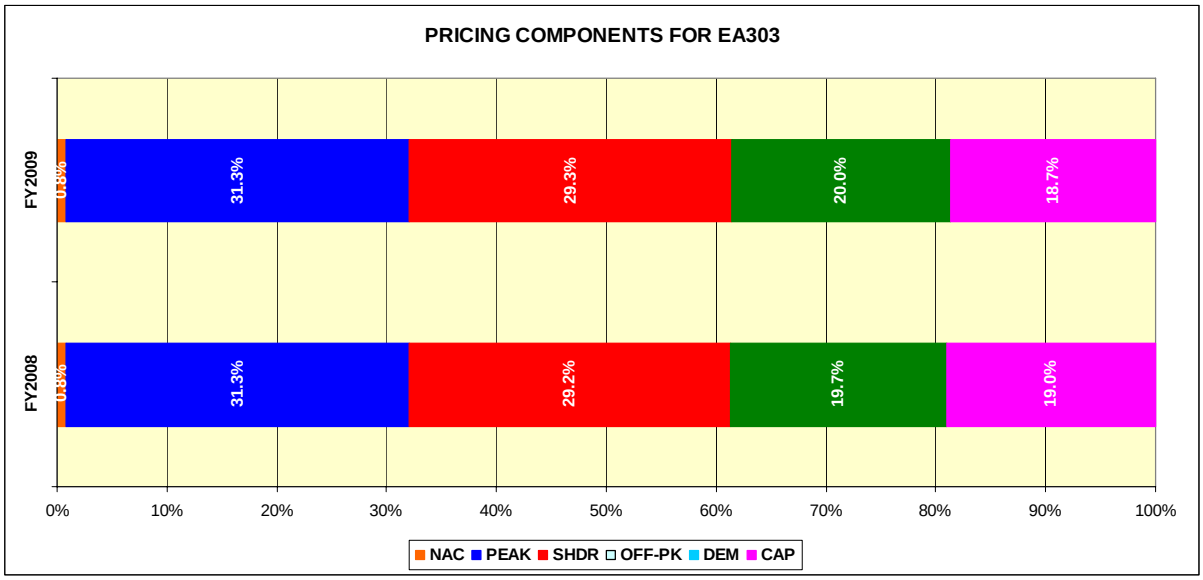


EA 303 LV kW Capacity ToU (Substation)

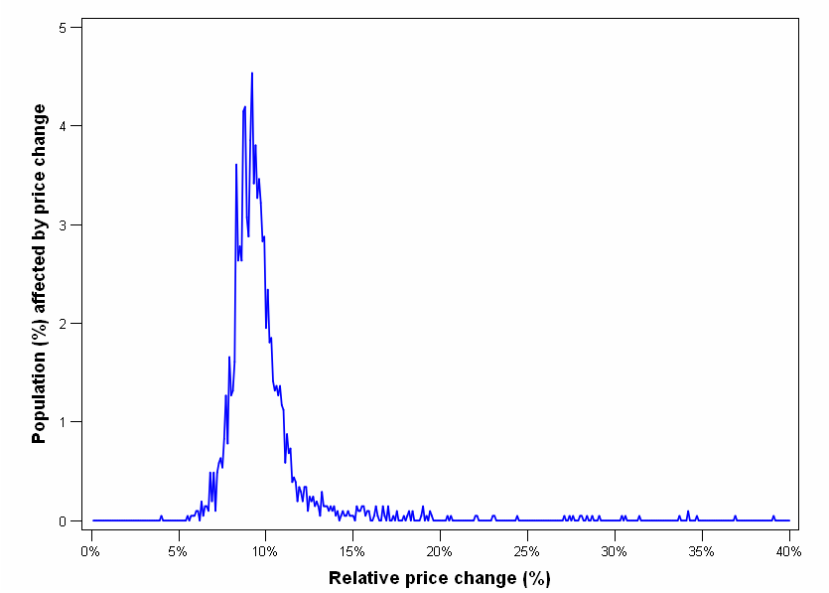


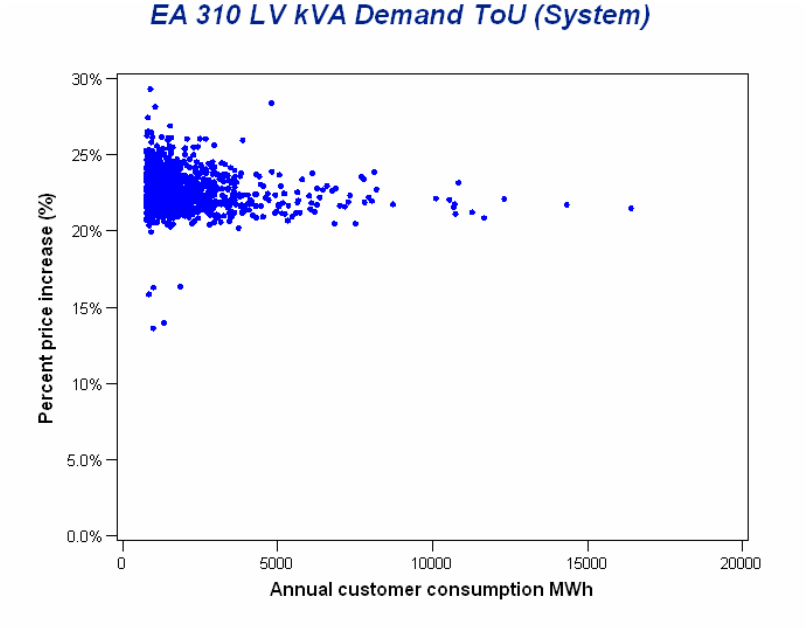
EA 303 LV kW Capacity ToU (substation) scatter plot

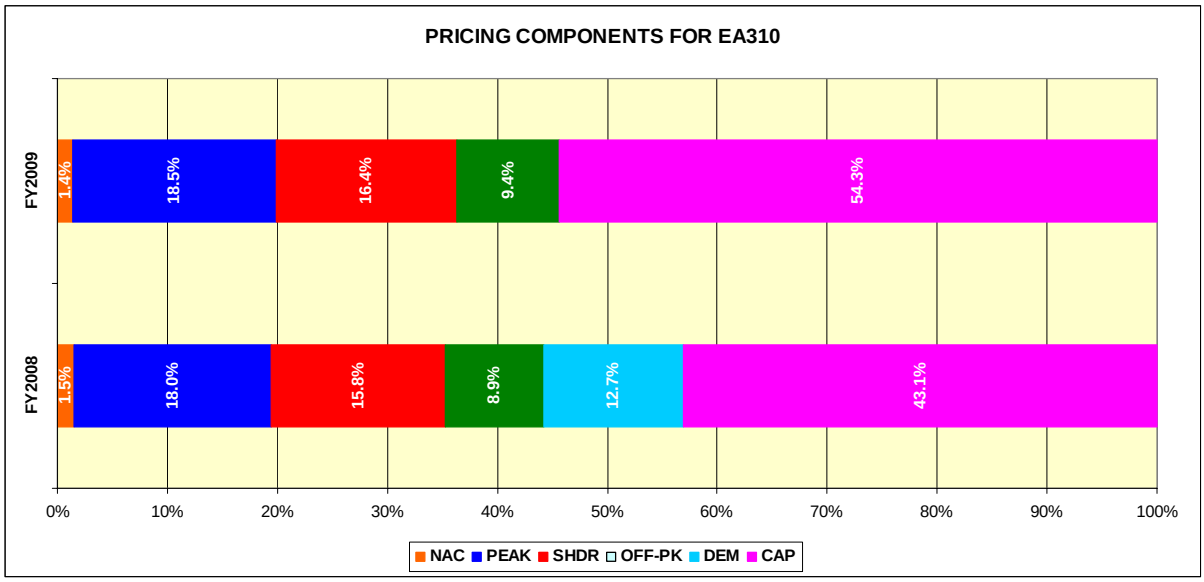




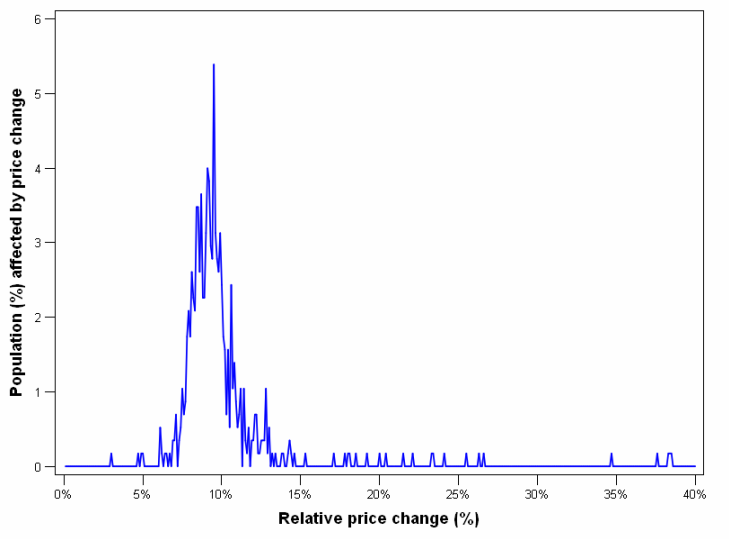
EA 310 LV kVA Demand ToU (system)



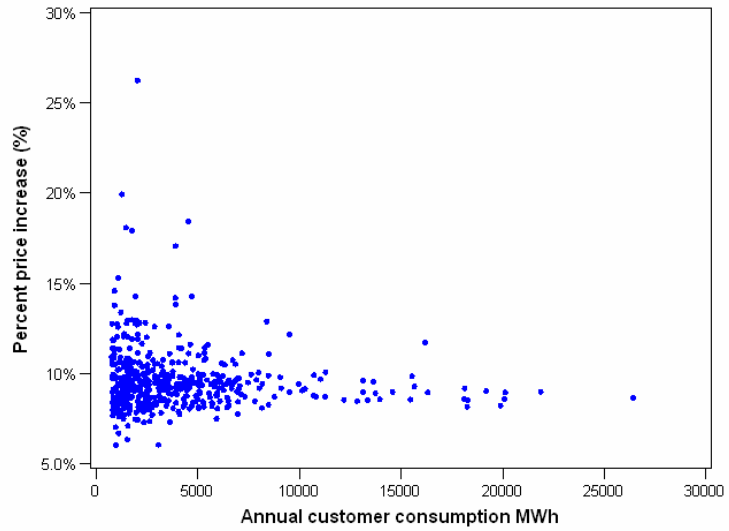

EA 310 LV kVA Demand ToU (System)
Percent price increase (%)
30%
25%
20%
15%
10%
5.0%
0.0%
0
5000
10000
15000
20000
Annual customer consumption MWh

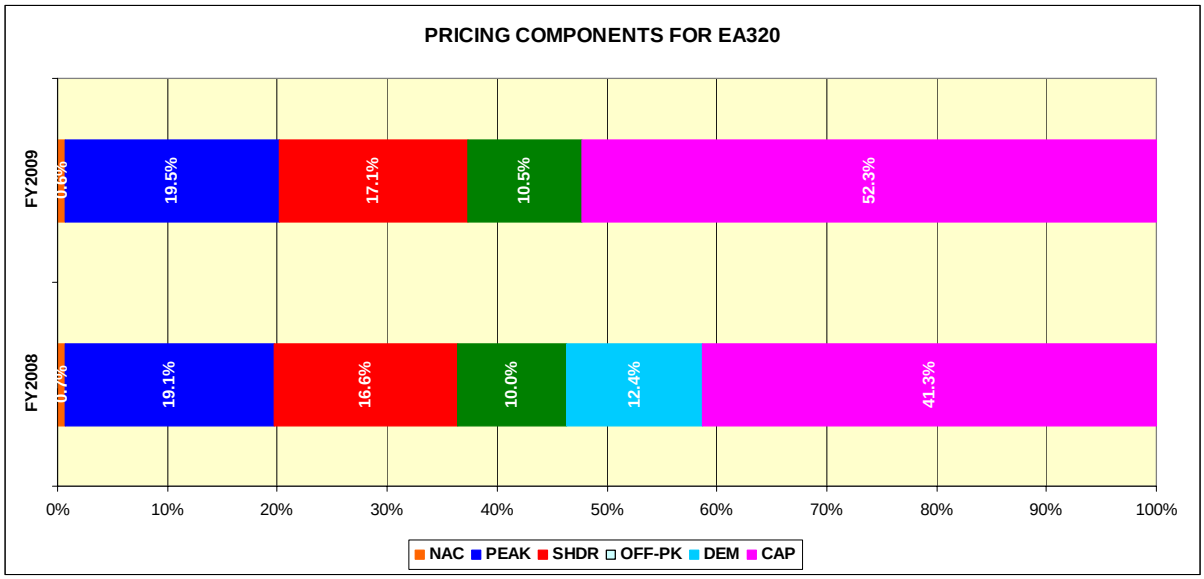

PRICING COMPONENTS FOR EA310
FY2009
1.4%
18.5%
16.4%
9.4%
54.3%
FY2008
1.5%
18.0%
15.8%
8.9%
12.7%
43.1%
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
NAC PEAK SHDR OFF-PK DEM CAP

EA 320 LV kVA Demand ToU (Substation)

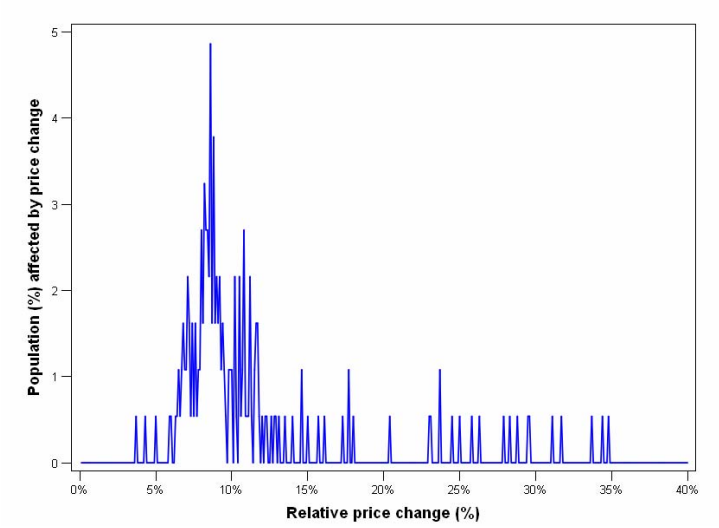


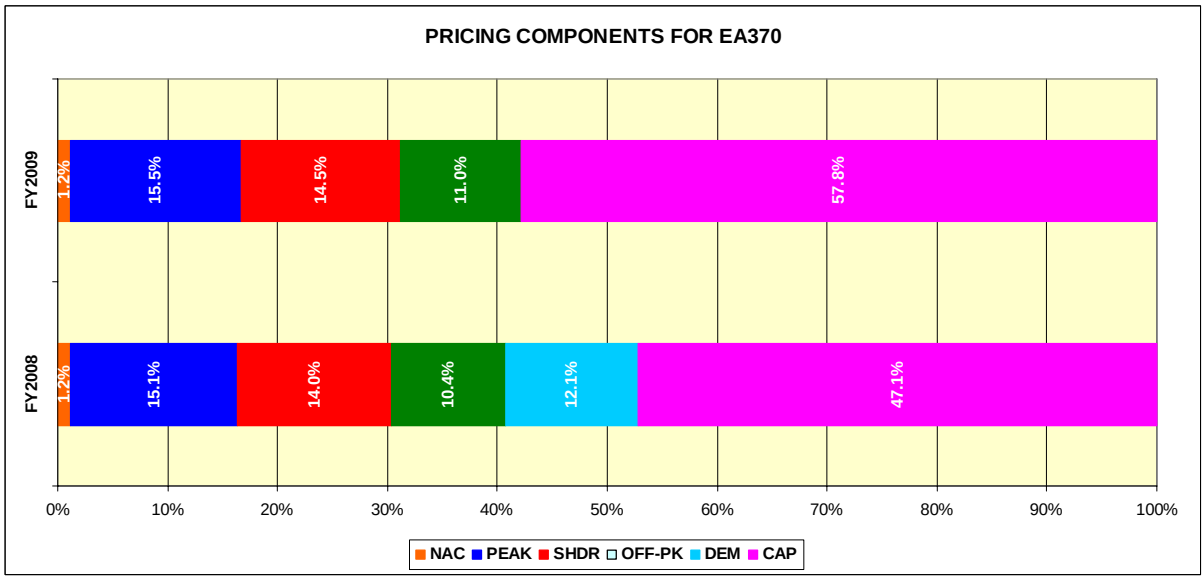
EA320 LV kVA Demand ToU (substation)



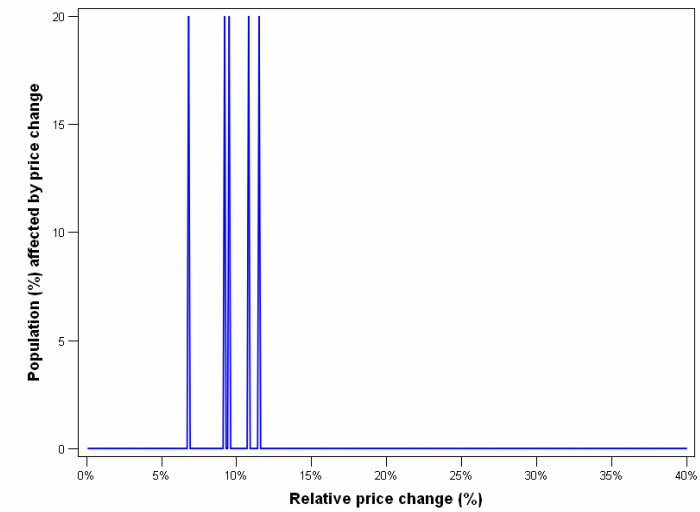


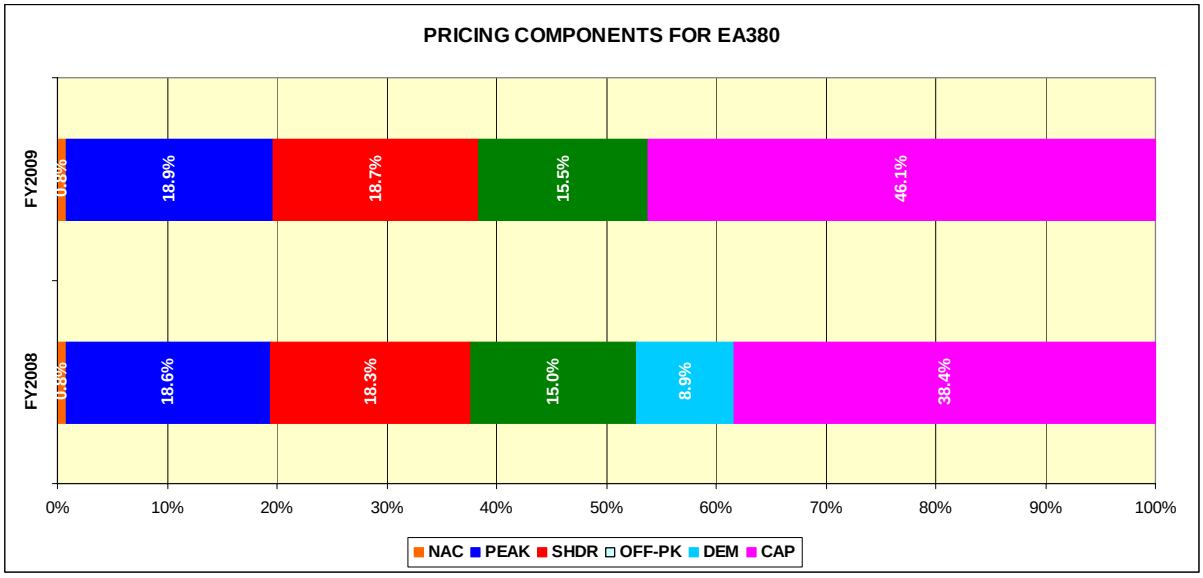
EA370 HV kVA Demand ToU (System)



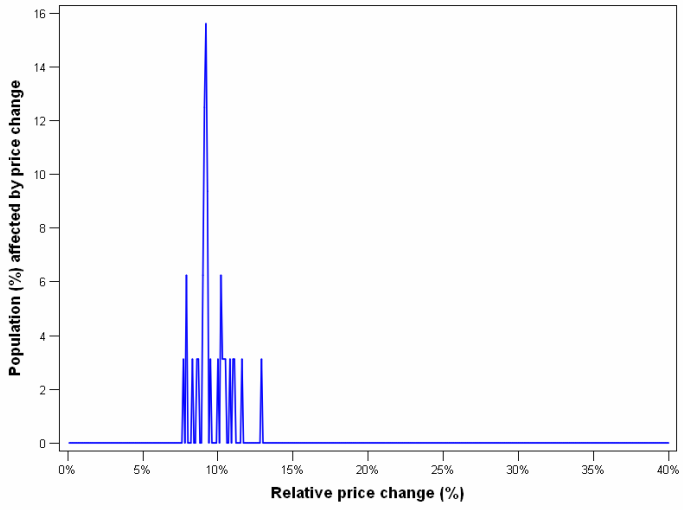


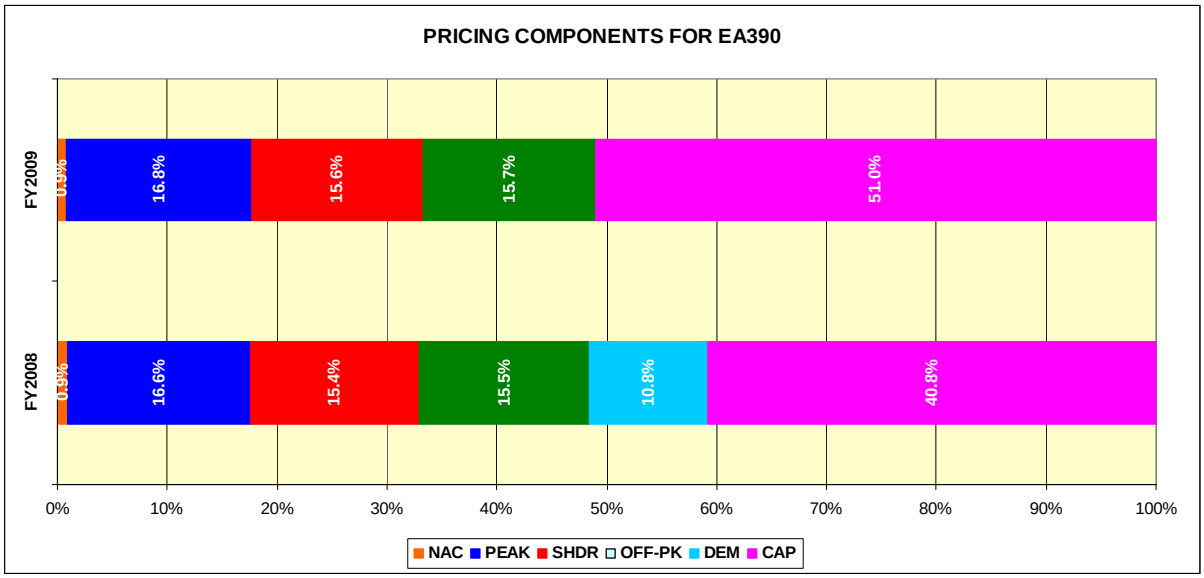
EA380 HV kVA Demand ToU (Substation)





EA 390 ST kVA Demand ToU





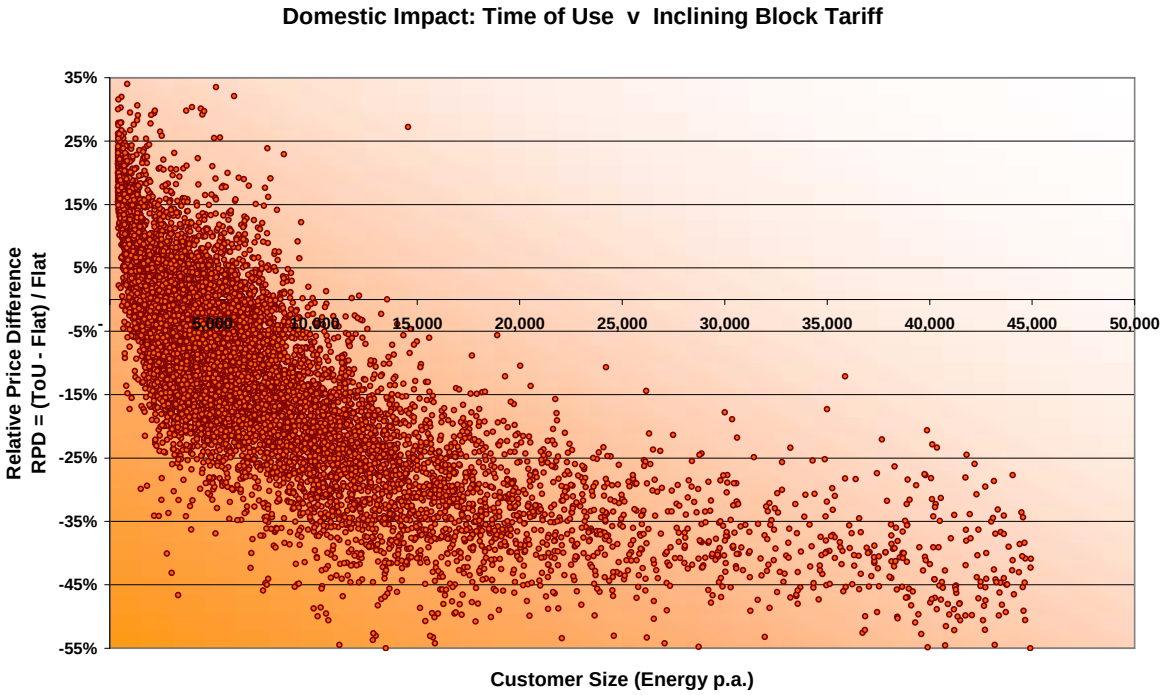
Appendix 3 Impacts on Customers moving on to ToU Tariffs

Impacts on Domestic ToU Customers below 40MWh p.a. from proposed FY09 prices

The default tariff for customers below 40MWh p.a. usage is currently EA025 LV Energy40. No major reform is proposed for this tariff for FY09, and the overall price has risen by 10.6%. As such there is no impact on customer's year on year from any component reform on this tariff. However, it is worth examining the likely impact of customers moving from an inclining block tariff to ToU during FY09. The table below demonstrates the impact of mandating customers below 40MWh on to Time of Use from a flat tariff based on proposed FY09 prices. Customers are currently placed on ToU tariffs if they are new connections or if the meter has been upgraded to a Type 5 or better installation.

Diagram 1: Bill Impact on 0-40MWh pa Domestic Customers Moving from Flat Tariff to ToU on Proposed FY09 Prices

*A negative relative price difference means the customer saves money moving to ToU

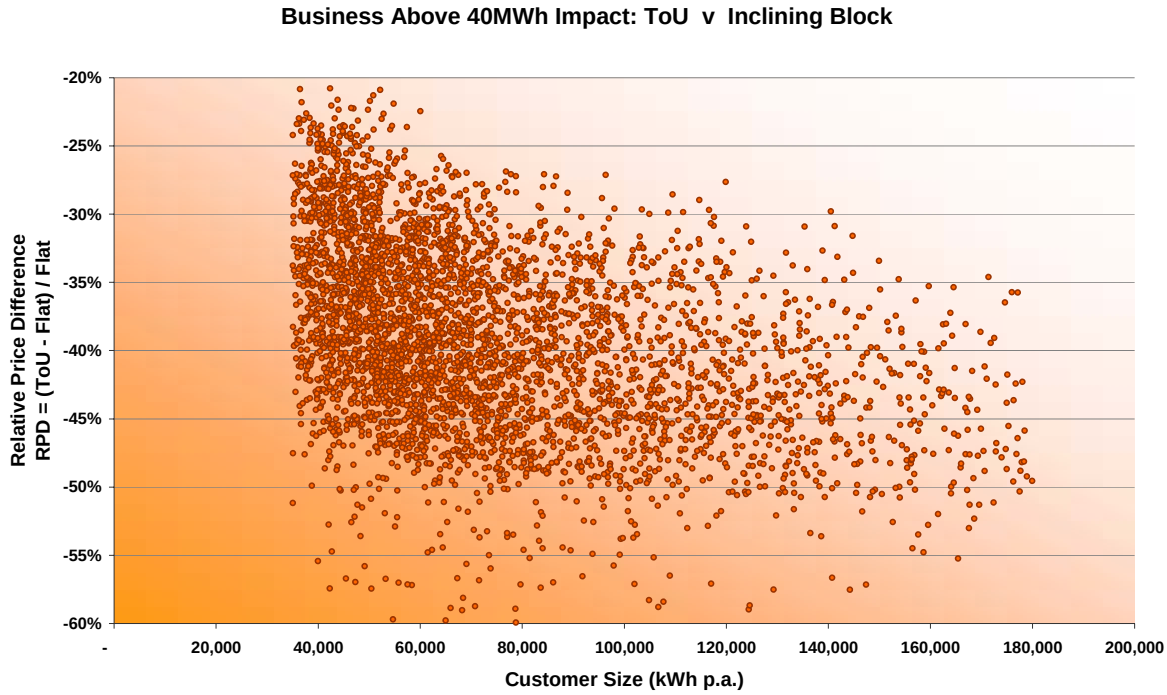


Impacts on Above 40 MWh pa Business ToU Customers with proposed FY09 prices

Business customers in the 40MWh to 160MWh tranche are progressively moved across from EA050 LV Business non-ToU to EA302 LV kW Capacity ToU. A scatter plot below shows the impact of customers moving from their flat tariff to ToU.

Diagram 3: Bill Impact on Above 40 MWh pa Business Customers Moving from Flat Tariff to ToU on Proposed FY09 Prices

*A negative relative price difference means the customer saves money moving to ToU



Appendix 4 EnergyAustralia Miscellaneous and Monopoly Fees, 2008-09

Schedule of Miscellaneous Charges from 1 July 2005 to 30 June 2009
(Prices are inclusive of GST)

Miscellaneous Service	$
Special meter reading	$38.50
Meter test	$63.80
Supply of conveyancing information - desk inquiry	$31.90
Supply of conveyancing information - field visit	$63.80
Off-peak conversion	$51.70
Disconnection visit (acceptable payment received)	$38.50
Disconnection at meter box	$77.00
Disconnection at pole top/pillar box	$128.70
Rectification of illegal connection	$192.50
Reconnection outside business hours	$82.50

Appendix 4 EnergyAustralia Miscellaneous and Monopoly Fees, 2008-09 continued

Schedule of Monopoly Fees from 1 July 2005 to 30 June 2009 (Prices are inclusive of GST)

Monopoly Service	Underground urban residential subdivision (vacant lots)	Rural Overhead Subdivisions and Rural Extensions	Underground Commercial and Industrial or Rural Subdivisions (vacant lots - no development)	Commercial and Industrial Developments	Asset Relocation Or Street Lighting
Design Information (Minimum 1 Hr)	Up to 5 lots $138.60 6 to 10 lots $207.90 11 - 40 lots $346.50 Over 40 lots $415.80	$69.30 per hour	$69.30 per hour	$69.30 per hour	$69.30 or $83.60 per hour (See Note 5)
Design Certification (Minimum 1 Hr)	Up to 5 lots $69.30 6 to 10 lots $138.60 11 - 40 lots $207.90 Over 40 lots $277.20	1 - 5 poles $69.30 6 -10 poles $138.60 11 or more poles $207.90	Up to 10 lots $138.60 11 - 40 lots $207.90 Over 40 lots $415.80	$83.60 per hour	$69.30 or $83.60 per hour (See Note 5)
Design Rechecking (Minimum 1 Hr)	$69.30 per hour	$69.30 per hour	$69.30 per hour	$83.60 per hour	$69.30 or $83.60 per hour (See Note 5)
Inspection Fee (Minimum 2 Hrs @ $69.30)	Grade: A per lot / B per lot / C per lot First 10 lots: $35.20 / $83.60 / $173.80 Next 40 lots: $20.90 / $48.40 / $104.50 Remainder: $6.60 / $27.50 / $48.40	Grade: A per pole / B per pole / C per pole 1-5 poles $41.80 / $83.60 / $152.90 6-10 poles $35.20 / $69.30 / $138.60 11+ poles $27.50 / $48.40 / $104.50 (see Note 4)	Grade: A per lot / B per lot / C per lot First 10 lots $35.20 / $83.60 / $173.80 Next 40 lots $35.20 / $83.60 / $173.80 Remainder $35.20 / $83.60 / $173.80	$69.30 or $83.60 per hour (see Note 1)	$69.30 or $83.60 per hour (see Note 1)
Access Permit	Residential Subdivisions: $23.10 per lot combined fee	$1028.50 max. per access permit	$1028.50 max. per access permit	$1028.50 max. per access permit	$1028.50 max. per access permit
Substation Commissioning		$771.10 per substation (See Note 2)	$771.10 per substation (see Note 2)	$771.10 per substation (see Note 2)	$771.10 per substation (see Note 2)
Administration	Up to 5 lots $168.30 6 - 10 lots $224.40 11 - 40 lots $280.50 Over 40 lots $336.60	Up to 5 poles: $168.30 6-10 poles: $224.40 11 or more poles $336.60	$56.10 per hour (max 6 hours)	$56.10 per hour (max 6 hours)	$56.10 per hour
Notice of Arrangement	$168.30 (to provide a letter to local councils advising that satisfactory arrangements have been made for electricity supply to a development)				
Re-Inspection	$69.30 per hour normal time, $138.60 per hour overtime, for installation or service work (see clause 5)				
Access (Standby Person)	$56.10 per hour				
Authorisation	$138.60 (initial authorisation), $69.30 (annual re-authorisation)				
Inspection of Service and Metering Work (Level 2 work)	All Service connections: A Grade : $17.60 per NOSW B Grade: $28.60 per NOSW C Grade: $83.60 per NOSW (NOSW = Notification of Service Work)				
Site Establishment	$121.00				