

Improving affordability for our customers

Ausgrid's 2017/18 pricing proposal



Our annual pricing proposal outlines our network charges for the financial year starting 1 July, 2017. Once approved by the Australian Energy Regulator (AER), the vast majority of our customers will see a reduction in the network component of their electricity bills.

Ausgrid's network transports electricity to more than 1.7 million home and businesses in Sydney, the Central Coast and the Hunter. The charges and tariffs included in this proposal recover the costs of delivering electricity.

We apply these charges to electricity retailers, which pass them on to customers via their power bills. Retailers can choose how they pass on network charges, taking into account their own pricing strategies. It's estimated that network charges make up less than half of a typical customer's bill *(based on 2016 analysis)*.

This is the first time Ausgrid has been required to submit a pricing proposal that also complies with a previously approved Tariff Structure Statement (TSS). Ausgrid's TSS was approved by the AER in February 2017 and sets out our method to formulate tariffs. It allows for a gradual rebalancing of the fixed network charges and energy usage costs so our tariffs better reflect the cost of the services we provide.

All customers will see charges for energy use decrease. This will offset a small increase in the fixed charge for most customers. On average, this proposal means network prices for a typical residential customer will fall by \$25 to \$55 a year from 1 July 2017.

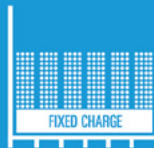
The overall impact on customers' bills may also depend on how much energy is consumed, and at what time, particularly if they are on a Time of Use tariff.

Residential and small businesses

Declining block tariff



Flat tariff



The default tariff for about 1.5 million homes and small businesses will shift from a declining block tariff, where the first part of electricity use is more expensive, to a flat tariff where all energy use is charged at the same rate.

For customers on Time of Use, price reductions in the shoulder and off peak period will also see network charges drop for most customers.

We expect a small number of customers may see an increase of about \$9-\$10 a year, due to their energy use patterns.

96% of residential customers on flat rate will pay less

98% of residential customers on Time of Use will pay less

How is my tariff assigned?

The type of tariff offered to customers usually depends on their type of meter. Customers should talk with their retailer to request any changes to their tariff, including moving to a Time of Use tariff.

Timeline

31 March 2017

Ausgrid submitted pricing proposal 2017/18 to AER

April-June 2017

AER determines network charges; retailers set their customer tariffs

1 July 2017

Annual change to retail tariffs

31 March 2018

Ausgrid submits pricing proposal 2018/19 to AER

1 July 2018

Remaining tariff reforms from TSS are implemented