



Overview of the draft rule: network pricing process

Public Forum: Distribution Network Pricing Arrangements draft
determination - 22 September 2014



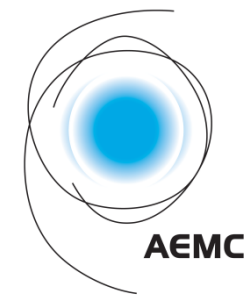
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OVERVIEW OF THIS SESSION

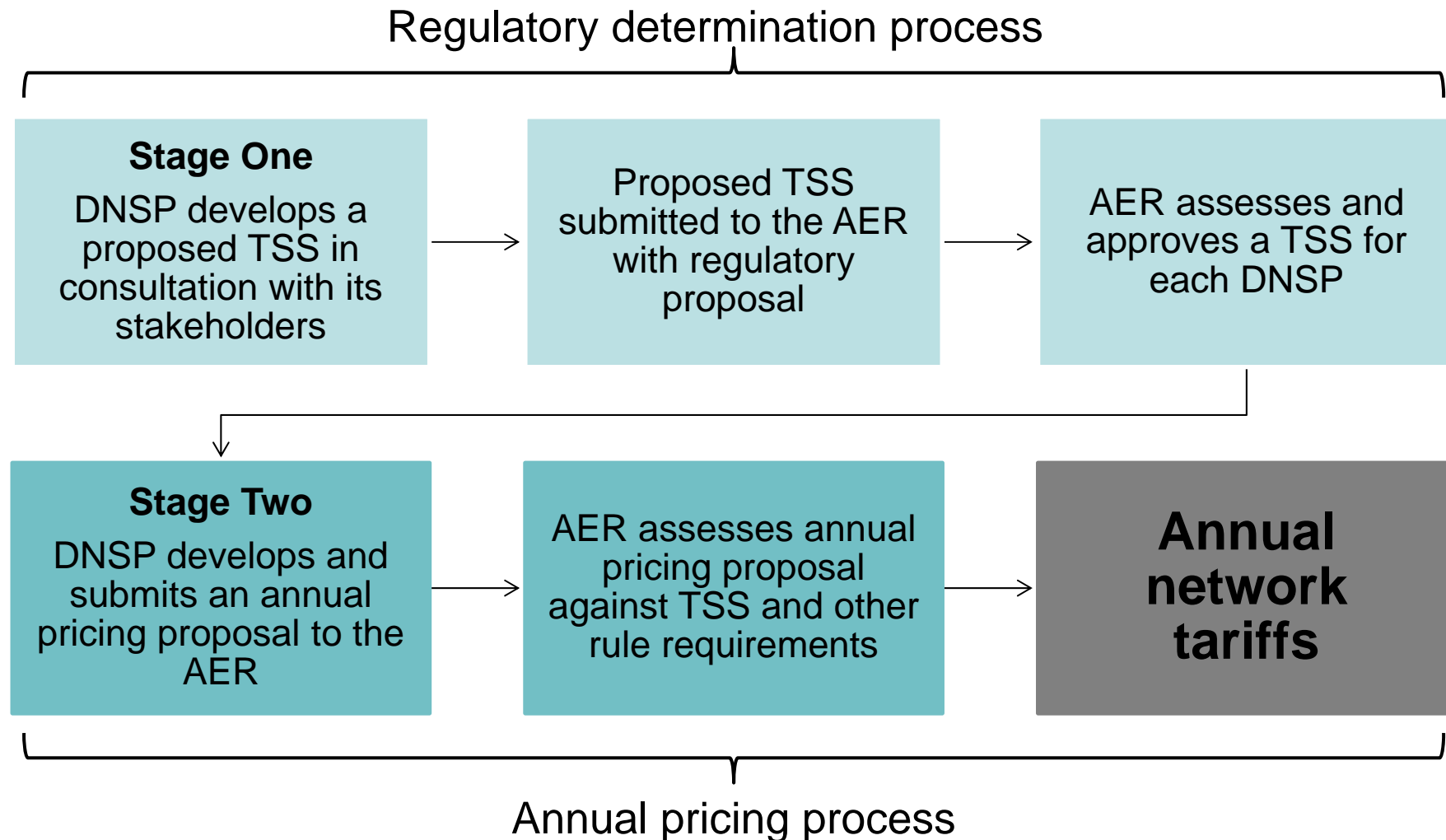
- Provide an overview of the draft new network pricing process.
- Explain the rationale behind some of the changes.
- Responses to the proposed changes from representatives of different stakeholder groups.
- Discussion at the conclusion of the presentations.



A NEW NETWORK PRICING PROCESS



THE NETWORK PRICING PROCESS

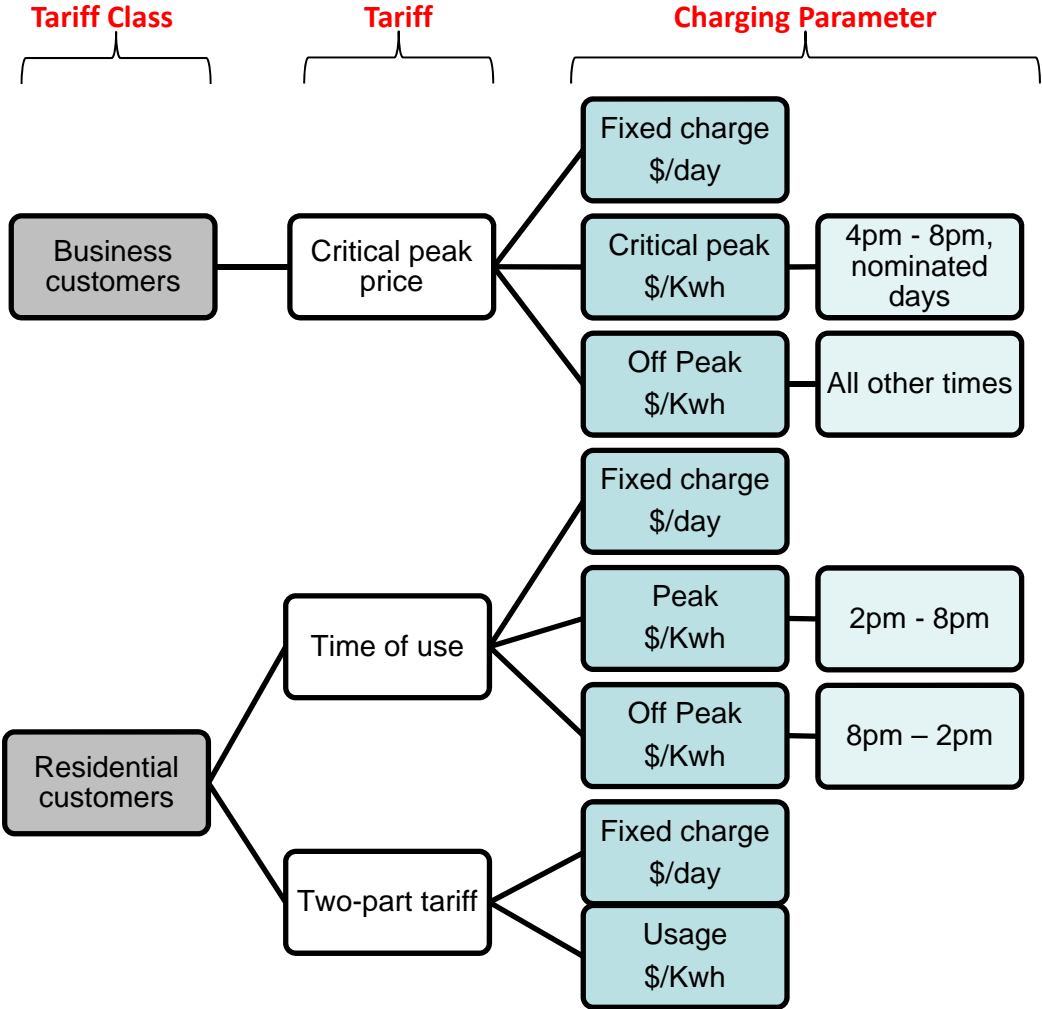


CONTENT OF THE TARIFF STRUCTURE STATEMENT

DNSPs must include in their TSS:

1. Tariff classes.
2. Tariff class assignment and reassignment policy and procedures.
3. The structure of each proposed tariff.
4. The charging parameters of each proposed tariff.
5. The pricing methodology.

The TSS must be accompanied by a schedule of indicative price levels for each tariff in the TSS.



AMENDING A TARIFF STRUCTURE STATEMENT

An event that could not have been reasonably foreseen occurs.



As a result of this event, a DNSP considers that it needs to amend its TSS to better meet the pricing principles.

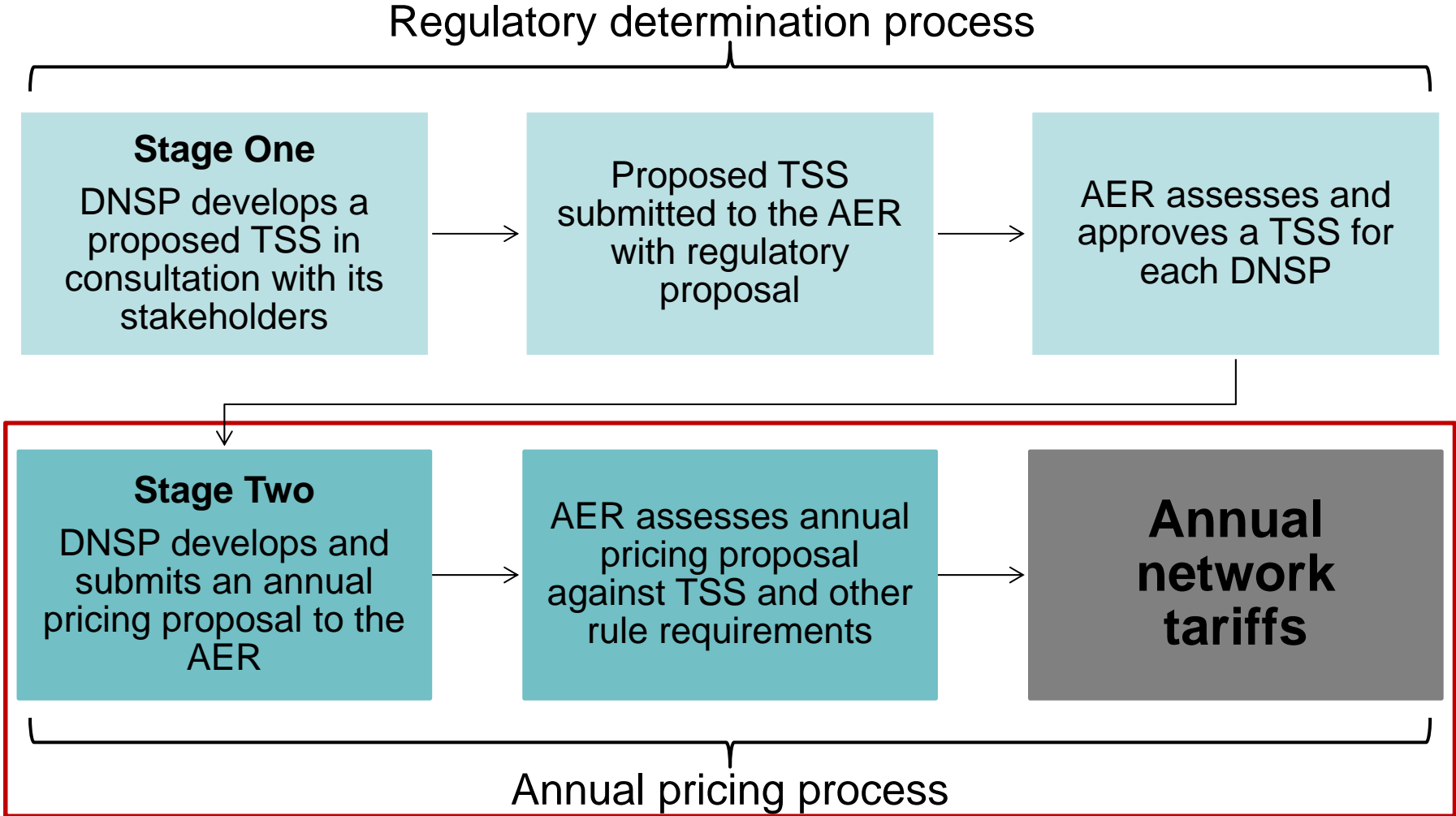


DNSP consults with stakeholders on a request for amendment which is submitted to the AER. The AER must approve the amended TSS if it is satisfied that it better meets the pricing principles.

EXEMPTIONS TO THE NEED TO AMEND A TARIFF STRUCTURE STATEMENT

- Exceptions to the need to amend a TSS apply where:
 - A DNSP proposes to introduce a tariff mid period where the expected revenue to be recovered from this tariff is less than 0.5 per cent of the annual revenue requirement.
 - Cumulatively, these tariffs do not exceed one per cent of the annual revenue requirement.
- If either of these thresholds are breached, the DNSP must go through the amendment process.
- These tariffs must be incorporated into the TSS at the next regulatory determination process if the DNSP proposes to continue them.

STAGE TWO – THE ANNUAL PRICING PROCESS

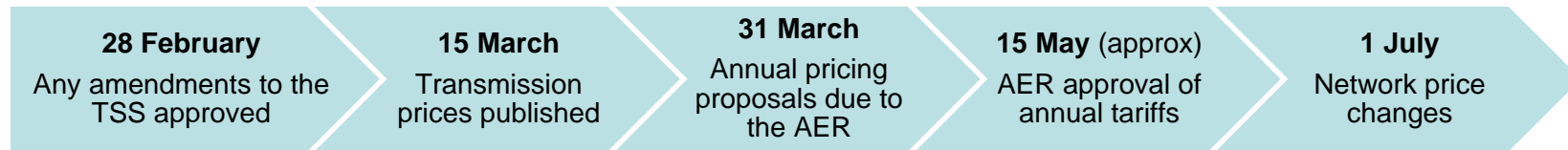


THE ANNUAL PRICING PROCESS

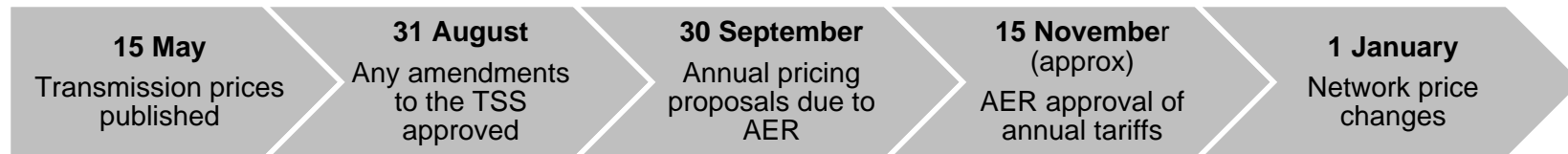
- Under the draft rule, the annual pricing proposal must comply with the regulatory determination, the pricing principles and the TSS.
- Network tariffs do not have to match the schedule of indicative price levels, but DNSPs must explain any material differences.
- DNSPs must update their schedule of indicative price levels for the remaining years of the regulatory control period as part of the annual pricing process.

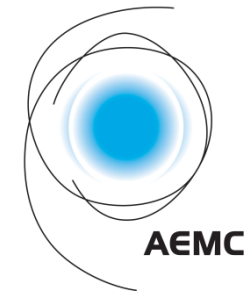
TIMING OF THE ANNUAL PRICING PROCESS

Timeframe for all jurisdictions (except Victoria):



Victorian timeframe:

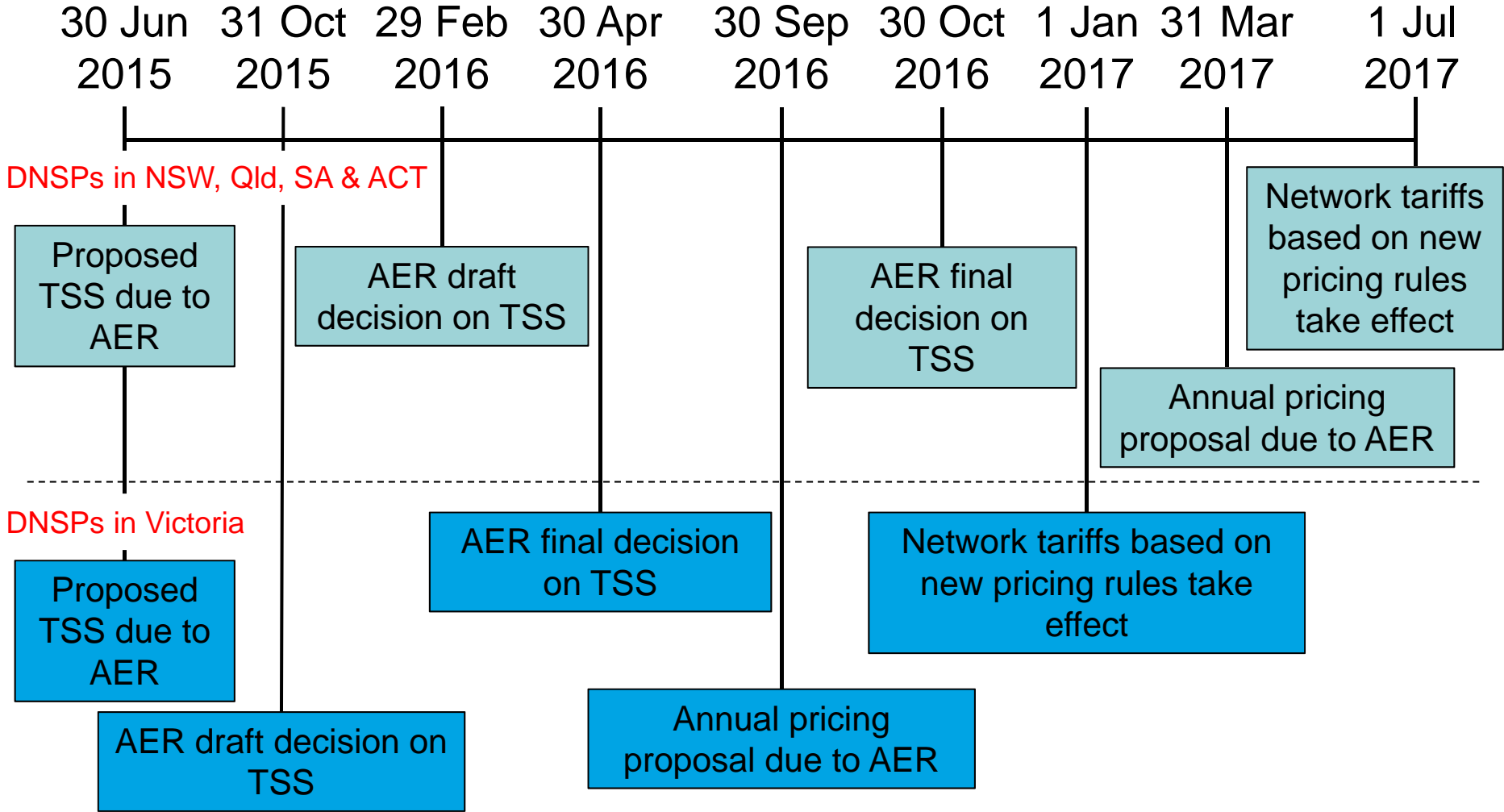


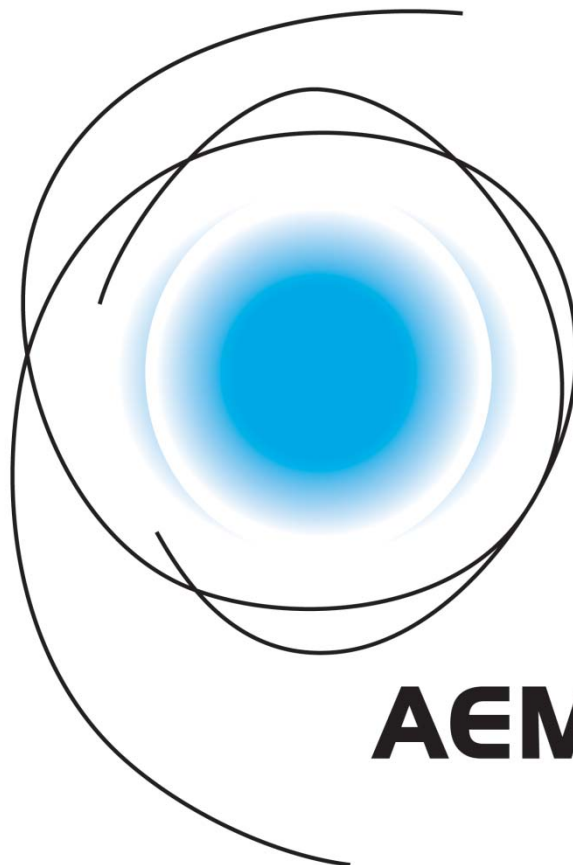


TRANSITIONAL ARRANGEMENTS



TRANSITIONAL ARRANGEMENTS





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