

Network pricing reform

UNSW CEEM

Tariff Assessment Tool workshop

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Outline

1. Purpose of network tariff reform
2. Opt-in vs. opt-out arrangements
3. Solar tariffs
4. Forward work program – opportunities to get involved!

Purpose of reform

- Purpose **is not** to require end customers to move to retail tariffs with time-of-use or demand components (unless they want to)
- Purpose **is not** to require end customers to manage their consumption actively in real-time (unless they want to)
- Network tariff structures not required to be reflected in retail tariff structures



Purpose of reform

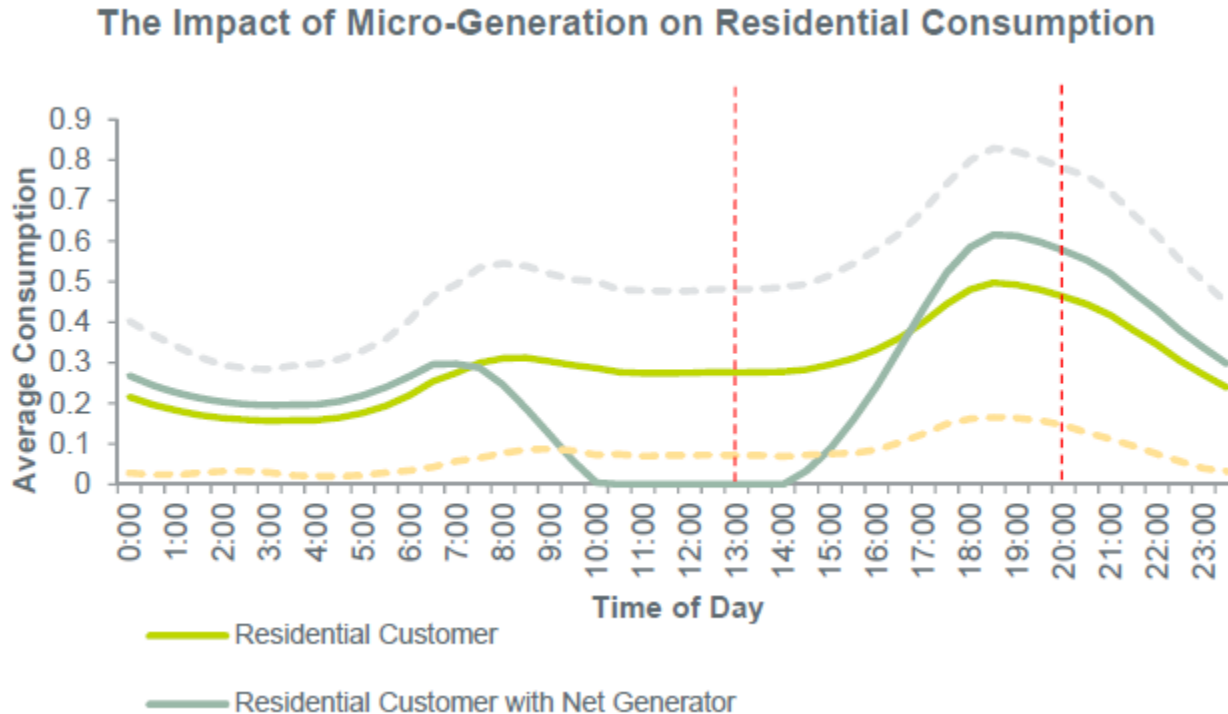
- Purpose of network tariff reform **is** to provide cost reflective price signals to **retailers** so that retailers have an incentive to respond to and manage network congestion
- Retailers could respond in a number of ways:
 - Active customer response methods
 - Passive customer response methods
- Purpose of reform **is** to create greater **customer choice** in how and when they consume electricity and how they pay for it

Opt-in vs opt-out?



- Incentive on retailers?
- When to re-assign customers to default cost reflective network tariffs (opt-out)
 - New customer connections?
 - Existing customers making new “investments” in their supply arrangements?
 - Existing customers who receive smart meters?
- Changes in NSW effective mid-2018

Solar tariffs?



- Solar PV results in lower total consumption (supplied from the grid)
- Some stakeholders have called for ‘solar tariffs’
- AER’s approach is technology neutral – price demand, not solar

Stakeholder consultation 2018

- New Tariff Structure Statement proposals in early 2018 (January)
 - NSW (Ausgrid, Endeavour Energy, Essential Energy)
 - ACT (ActewAGL)
 - TAS (TasNetworks)
 - NT (Power and Water Corporation)
- Issues papers (March), public forums (April), submissions (May)
- Draft decisions (September 2018), final decisions (April 2019)
- New statements to apply to 2019-2024 period

Questions?

