



2026-2031 REGULATORY RESET

# RETAILER NETWORK TARIFF FORUM

23 OCTOBER 2024

# ACKNOWLEDGEMENT OF COUNTRY

CitiPower, Powercor and United Energy acknowledges and respects the Traditional Owners as the original custodians of the lands and waters our network covers.

We recognise First Peoples' unique and inherent rights as Traditional Owners and thank all Traditional Owners for continuing to care for Country and their deep spiritual connection to it.

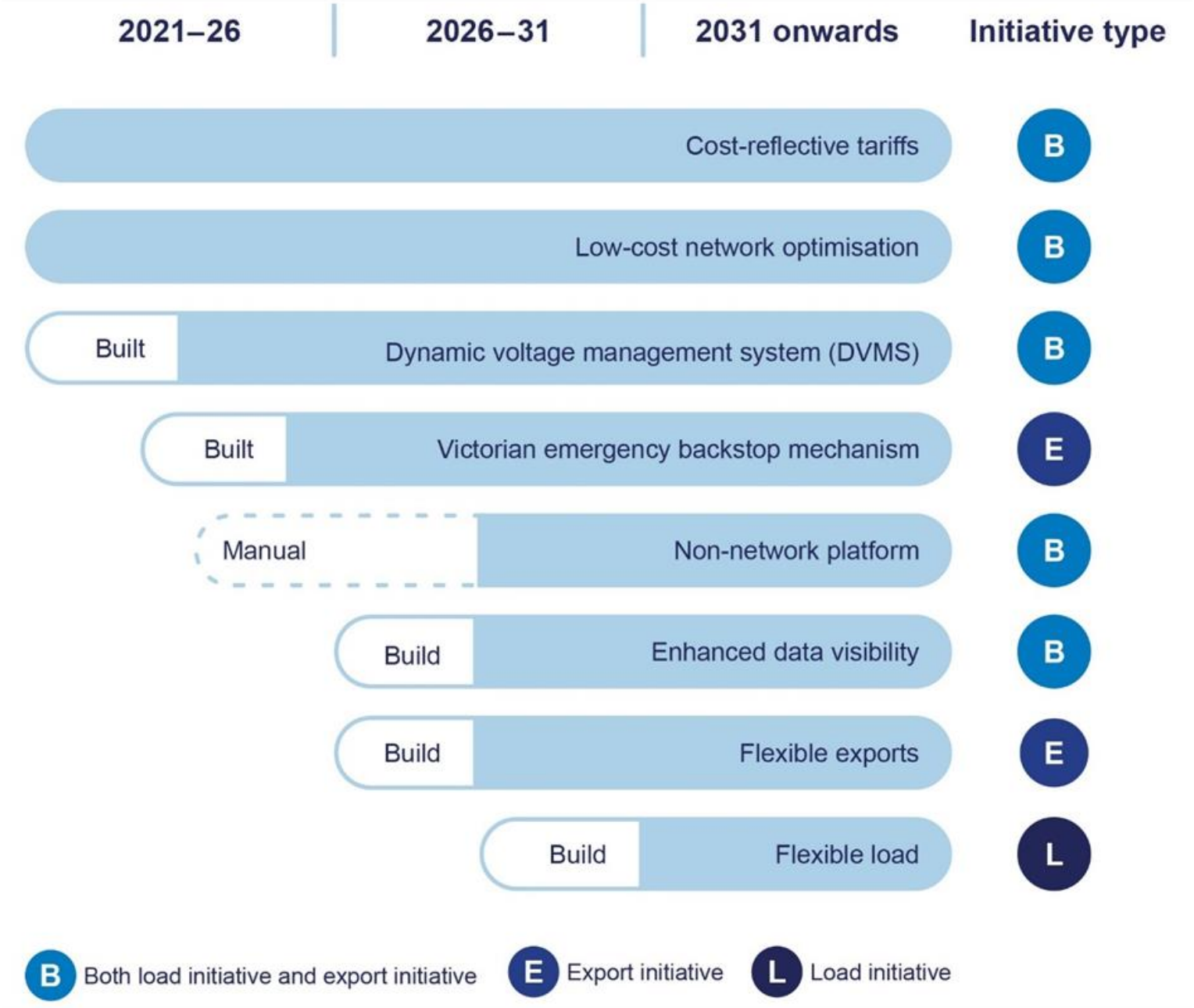
CitiPower, Powercor and United Energy honours Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.



# TODAY'S AGENDA

| TIME  | ITEM                             | PRESENTERS                       |
|-------|----------------------------------|----------------------------------|
| 10.30 | Introduction                     | Mark De Villiers                 |
| 10.35 | Timing of the reset              | Kate Jdanova                     |
| 10.40 | Residential customers            | Kate Jdanova                     |
| 11.00 | Small business                   | Kate Jdanova                     |
| 11.05 | Medium business                  | Kate Jdanova                     |
| 11.15 | Commercial and industrial        | Kate Jdanova                     |
| 11.20 | Non-Residential flexible tariffs | Mark De Villiers                 |
| 11.45 | Flexible exports                 | Mark De Villiers                 |
| 11.35 | Tariff review                    | Grant Uebergang                  |
| 11.55 | Closing and final questions      | Mark De Villiers<br>Kate Jdanova |

# Network tariffs are part of a range of demand management solutions



# KEY THEMES

- Stakeholders still value network tariff alignment across distributors, simplicity and consistency but want us to adapt network tariffs for the energy transition
- We are proposing minimal changes to most of our network tariffs, with changes and new tariffs focussed on solar exports, storage and electrification
- We intend to fully align network tariff structures across CitiPower, Powercor and United Energy
- We intend to align network tariff structures for residential and small business across the five Victorian networks

**We have  
published  
our draft  
proposal**

#### KEY MILESTONES FOR OUR 2026-2031 TARIFF STRUCTURES



**We will clarify  
process for 1 July  
2026 tariff changes  
next year**



# RESIDENTIAL CUSTOMERS

# Tariff changes focused on customer energy resources (CER)

NEW

**New ToU tariff:** The rules for assignment won't change. New connections, customers who choose to upgrade from single-phase to three-phase supply, customers who choose to install or upgrade solar or batteries, customers with electric vehicles and/or electric vehicle charges above 3.6kw will be assigned to this tariff.

NO CHANGE

**Flat rate tariff:** Will be retained and any customer can opt into the flat tariff other than customers with a dedicated EV charger above 3.6kw

NEW

**New CER tariff:** Allow customers to opt into or out of the new CER tariff (described below)

TO BE REMOVED &  
REASSIGNED

**Current demand tariff will be closed:** Customers will be moved to new TOU tariff  
Retain current assignment rules to a ToU tariff

TO BE REMOVED &  
REASSIGNED

**Current TOU tariff will be closed:** Customers on current TOU tariff will be moved to new TOU tariff

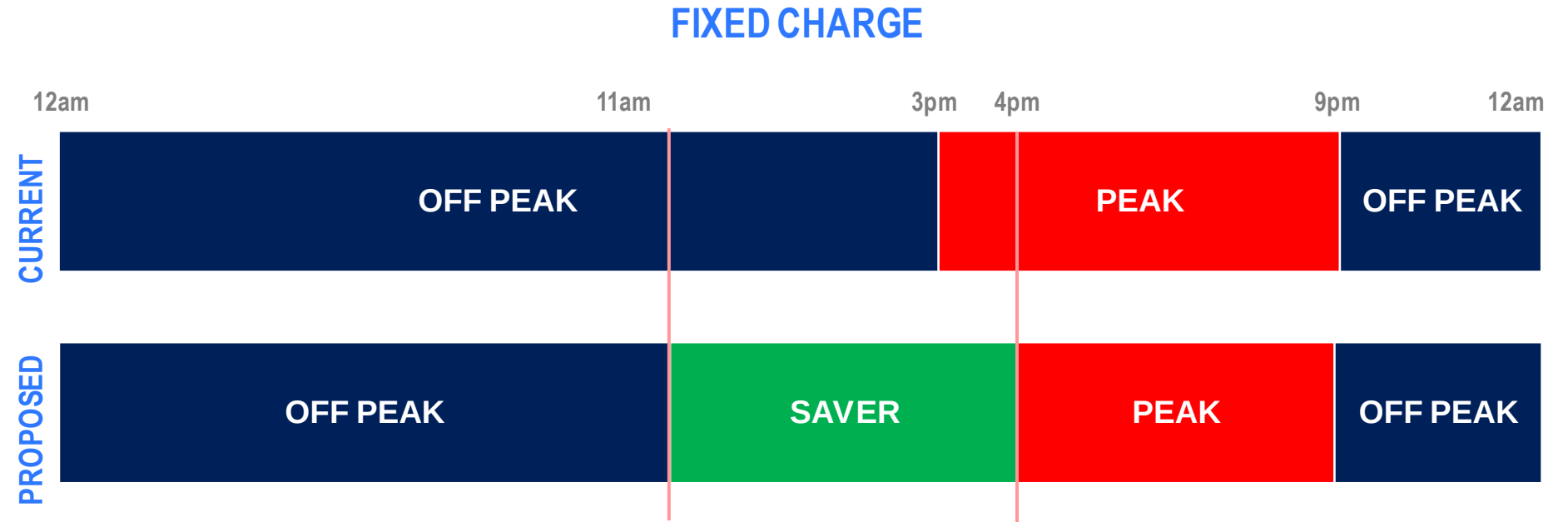
TO BE REMOVED &  
REASSIGNED

**Daytime Saver trial tariff:** Customers on current Daytime saver trial tariff will be moved to new TOU tariff

NO CHANGE

**Controlled load tariff:** Retain the same and we are considering interruptible tariff

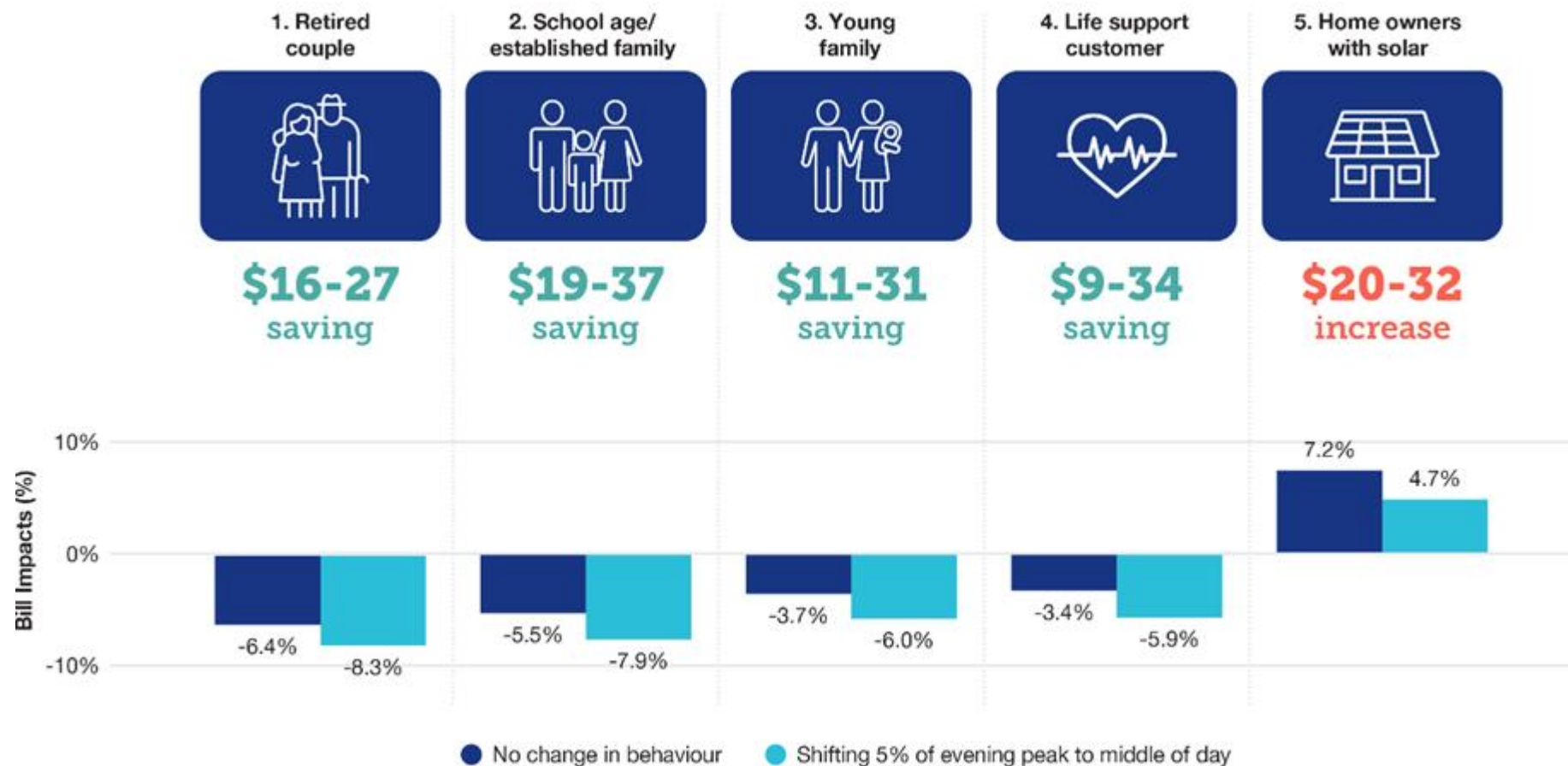
# We are proposing a solar soak (saver) period as part of our residential time of use (TOU) tariff structure



We propose the following:

- Same rates and times every day of the year – **no change**
- All times in local time – **no change**
- No export charges – **no change**
- Saver period from **11am to 4pm** with a low rate (~1 c/kWh)
- Shorter peak hours from 4pm – 9pm (current 3pm – 9pm)

Generally  
non-solar  
customers  
will be better  
off on the  
new TOU  
and solar  
customers  
worse off



# The new CER tariff is targeted at retailers operating residential VPPs

WHAT WE  
ARE TRYING  
TO ACHIEVE

Design a CER tariff so that retailers of customers with flexible imports and exports have an incentive to opt into the CER tariff and respond to the price signals

WHAT WE  
WANT TO  
AVOID

Households without flexible imports and exports should not have an incentive to opt into the CER tariff

HOW

Stronger price signals with seasonality

# We are proposing new seasonal opt-in CER tariff

|            |               |        | Jan      | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------------|---------------|--------|----------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Fixed      |               | \$/day |          |     |     |     |     |     |     |     |     |     |     |     |
| Off-peak   | Import        | c/kWh  |          |     |     |     |     |     |     |     |     |     |     |     |
| 9pm - 11am | Export        | -      | Off-peak |     |     |     |     |     |     |     |     |     |     |     |
| Peak       | Import charge | c/kWh  |          |     |     |     |     |     |     |     |     |     |     |     |
| 4pm - 9pm  | Export credit | c/kWh  | Peak     |     |     |     |     |     |     |     |     |     |     |     |
| Saver      | Import credit | c/kWh  |          |     |     |     |     |     |     |     |     |     |     |     |
| 11am - 4pm | Export charge | c/kWh  | Saver    |     |     |     |     |     |     |     |     |     |     |     |

Note: All times are in local time

Daily CER TOU period aligns with proposed TOU tariff:

- 11am to 4pm solar sponge
- 4pm-9pm peak
- 9pm to 11am off-peak

Pricing differs by season to align with network demand:

- summer months
- Winter months
- Shoulder months

Low solar sponge charge / rebate reflects lower LRMC

# We are considering to introduce an interruptible tariff

## HOW DOES THE INTERRUPTIBLE TARIFF DIFFER TO THE CONTROLLED LOAD TARIFF?

|                                                                                                                                                              |                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Both the controlled load and interruptible tariffs will only apply to <b>appliances on a dedicated circuit connected to a separate element on the meter.</b> |                                                                                                                                          |
| Controlled load tariff                                                                                                                                       | Supply is switched on for up to 8 hours a day depending on localised demand management activities and off the rest of the time           |
| Interruptible tariff                                                                                                                                         | Supply is left switched on for a minimum of 18 hours a day with the ability to interrupt the supply depending on demand management needs |

# QUESTIONS



# SMALL BUSINESS

# We are not changing small business tariffs

| CHARGE TYPE     | SINGLE <sup>1</sup> | TIME OF USE <sup>2</sup> | DEMAND <sup>3</sup> |
|-----------------|---------------------|--------------------------|---------------------|
| Fixed           | ✓                   | ✓                        | ✓                   |
| Anytime energy  | ✓                   |                          | ✓                   |
| Peak energy     |                     | ✓                        |                     |
| Off-peak energy |                     | ✓                        |                     |
| Maximum demand  |                     |                          | ✓                   |

(1) Under a single-rate structure, usage charges, measured in kilowatt-hours (kWh), do not vary with the time of day.

(2) The Time of Use (ToU) structure has a high usage charge during the peak period from 9am to 9pm workdays, and a low usage charge at all other times

(3) The demand tariff structure has a usage charge that does not vary with the time of day, and a demand charge that reflects the maximum monthly 30-minute demand from 10am to 6pm workdays

NO CHANGE

- Small business customers are defined as non-residential customers consuming less than 40MWh
- Tariff alignment across the five distributors

# Our tariff assignment rules remained the same and still meets what our customer wants

## WHAT OUR CUSTOMER WANTS

- Small business customers told us they want **stability in our network performances**
- **Less must be recovered through variable rate** and more through fixed
- Propose to recover ~**30% of revenue through fixed charges** by the end of the next regulatory period

NO CHANGE

## TARIFF ASSIGNMENT RULES

Small business customers are assigned to the default ToU tariff when:

- connecting as a new connection
- a new or upgraded solar, or battery is installed
- supply is upgraded to three-phase
- a small business installs a fast EV charger

A small business customer on the:

- **Single-rate tariff:** May request to be reassigned to the default ToU or demand tariff
- **Default ToU tariff:** May request to be reassigned to the single-rate or demand tariff, except for customers with EVs who cannot be assigned to a single-rate tariff
- **Demand tariff:** May request to be reassigned to the single-rate or ToU tariff, except for customers with EVs who cannot be assigned to a single-rate tariff.

# QUESTIONS



# MEDIUM BUSINESS

There will be no changes to the medium business tariff structure for CitiPower and Powercor, but we are changing the upper threshold

| CHARGE TYPE     | DEMAND <sup>1</sup>                 | OPT-OUT <sup>2</sup>                |
|-----------------|-------------------------------------|-------------------------------------|
| Fixed           | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Anytime energy  | <input checked="" type="checkbox"/> |                                     |
| Peak energy     |                                     | <input checked="" type="checkbox"/> |
| Off-peak energy |                                     | <input checked="" type="checkbox"/> |
| Maximum demand  | <input checked="" type="checkbox"/> |                                     |

- (1)
- The demand tariff structure has a usage charge that does not vary with the time of day, and a demand charge that reflects the maximum monthly 30-minute demand from 10am to 6pm workdays which has rates which differ by season
- (2)
- The opt-out tariff allows customers consuming less than 160 MWh pa to opt out of a demand tariff to a ToU tariff with peak prices from 10am to 6pm workdays, and a low usage charge at all other times

Medium business will be redefined as non-residential customers with consumption between 40MWh and 160MWh (the upper threshold is no longer 120kVA). It aligns with Government 160MWh threshold for opting out of a demand tariff.



# We are aligning medium business tariffs to be consistent with CitiPower and Powercor

## CONTEXT

- United Energy is different from other Victorian networks in that its small business tariffs also apply to medium businesses
- We received feedback from retailers, seeking tariffs to be aligned with the other Victorian distributors and we propose to do this
- Aside from alignment, having separate tariffs means that the fixed charge can be more appropriately scaled to medium businesses.

## WHAT WE ARE CHANGING

- Two new medium business tariffs will be created with the same structure and assignment rules as CitiPower and Powercor
- While lower threshold is 40MWh, we will only move customers above 60MWh who are currently on **small business demand** tariff to **medium business demand tariff**
- While lower threshold is 40MWh, we will only move customers above 60MWh who are currently on **small business ToU** tariff to **medium business opt out tariff**
- We are leaving a buffer so that customers aren't repeatedly moved between tariffs with fluctuations in annual consumption

# QUESTIONS



# COMMERCIAL AND INDUSTRIAL (C&I) CUSTOMERS

**The  
commercial  
and industrial  
(C&I) tariff  
structure will  
remain the  
same**

| CHARGE TYPE      | DEMAND <sup>1</sup> |
|------------------|---------------------|
| Fixed            |                     |
| Anytime energy   |                     |
| Peak energy      | ✓                   |
| Off-peak energy  | ✓                   |
| Maximum demand   | ✓                   |
| Incentive demand | ✓                   |

However, we are proposing the following changes across CitiPower, Powercor and United Energy

|                               | PROPOSED CHANGES                                                                                                                                                                                                                     | RATIONALE                                           |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| THRESHOLD                     | We propose to change the lower threshold for commercial and industrial customers from <b>120 kVA to 160 MWh</b> per annum                                                                                                            | Aligns with demand tariff opt-out threshold         |
| THIRD INCENTIVE DEMAND PERIOD | We propose to include a third incentive demand period from <b>4pm–7pm during winter</b> . We would provide customers and the retailers early warning if a customer was re-assigned from a summer to a winter incentive demand period | To address parts of our network with winter peaking |

# QUESTIONS



# NON-RESIDENTIAL FLEXIBLE TARIFFS

# We are proposing simplified tariffs for flexible connections

## HOW DO WE DEFINE FLEXIBLE CONNECTIONS

- Demand management actioned through connection agreements such as an agreement to be controlled by our distribution energy resource management system (DERMS)
- All front-of-meter storage, generator or hybrid storage/generator connections are regarded as a flexible connection.

### Flexible connections

- leverage available network capacity
- reduced customer connection charge
- better assured network integrity

### Network support payments

- defer network augmentation
- customers financially rewarded for providing network support

### Network tariffs

- lower contribution to sunk costs in return for flexible connection
- no need for tariff to signal short term local network capacity constraints

# Small flexible connection tariff

## Less than or equal to 240 kVA import capacity

|          |                          |               | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----------|--------------------------|---------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Capacity |                          | \$/kW per day |     |     |     |     |     |     |     |     |     |     |     |     |
| Off-peak | Import                   | -             |     |     |     |     |     |     |     |     |     |     |     |     |
|          | 9pm - 11am Export        | -             |     |     |     |     |     |     |     |     |     |     |     |     |
| Peak     | Import charge            | c/kWh         |     |     |     |     |     |     |     |     |     |     |     |     |
|          | 4pm - 9pm Export credit  | c/kWh         |     |     |     |     |     |     |     |     |     |     |     |     |
| Saver    | Import credit            | c/kWh         |     |     |     |     |     |     |     |     |     |     |     |     |
|          | 11am - 4pm Export charge | c/kWh         |     |     |     |     |     |     |     |     |     |     |     |     |

- **Capacity charge** could be based on either:
  - import capacity of the connection as per connection agreement; or
  - 12-month rolling MW maximum demand

# Large flexible connection tariff

## Greater than 240 kVA and less than 30 MVA import capacity

|          |                          |               | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----------|--------------------------|---------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Capacity |                          | \$/kW per day |     |     |     |     |     |     |     |     |     |     |     |     |
| Off-peak | Import                   | -             |     |     |     |     |     |     |     |     |     |     |     |     |
|          | 9pm - 11am Export        | -             |     |     |     |     |     |     |     |     |     |     |     |     |
| Peak     | Import charge            | c/kWh         |     |     |     |     |     |     |     |     |     |     |     |     |
|          | 4pm - 9pm Export credit  | -             |     |     |     |     |     |     |     |     |     |     |     |     |
| Saver    | Import credit            | -             |     |     |     |     |     |     |     |     |     |     |     |     |
|          | 11am - 4pm Export charge | -             |     |     |     |     |     |     |     |     |     |     |     |     |

- **Capacity charge** could be based on either:
  - import capacity of the connection as per connection agreement; or
  - 12-month rolling MW maximum demand

# Flexible TUOS pass through tariff

## Greater than or equal to 30 MVA import capacity

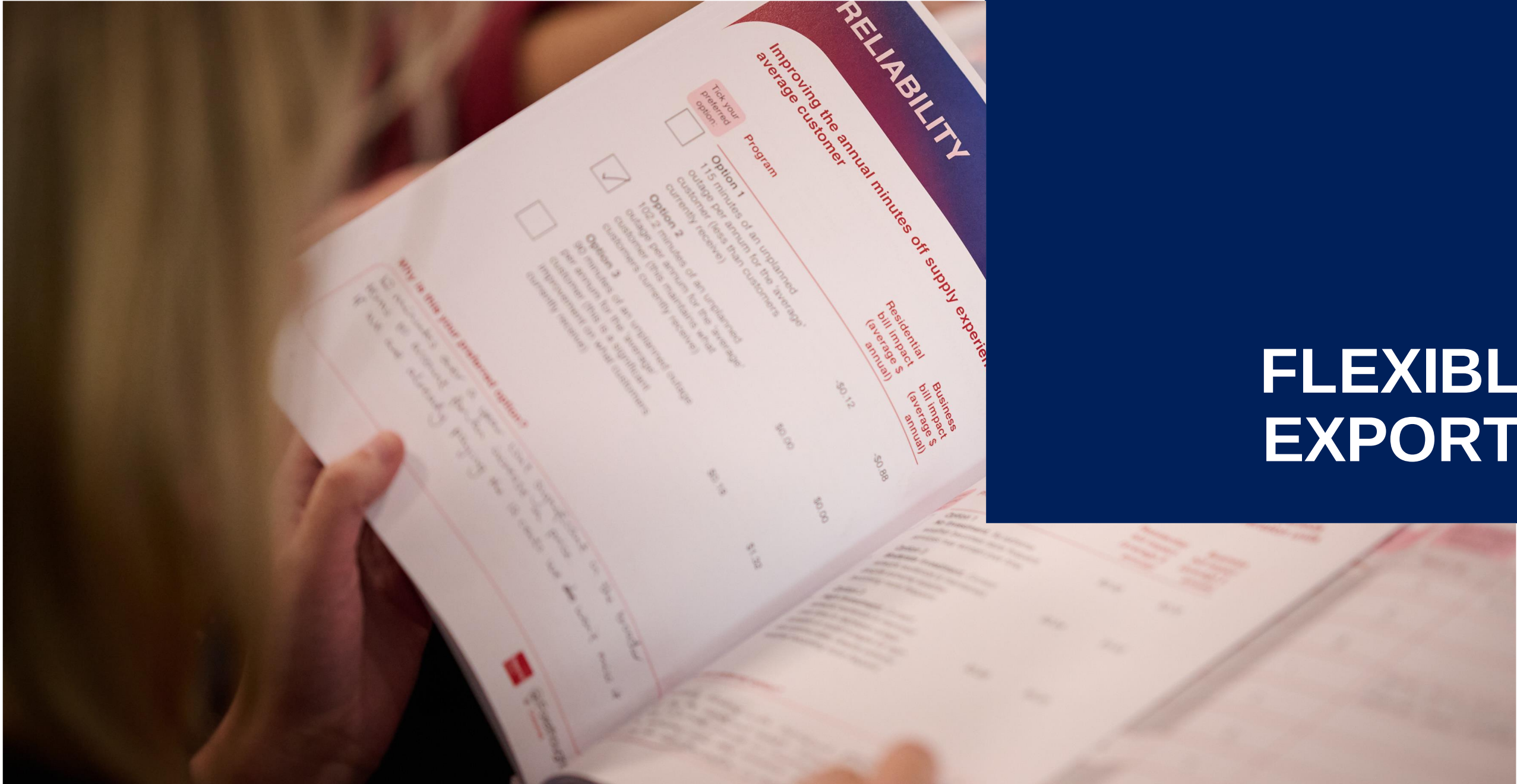
|          |               |                | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----------|---------------|----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Capacity |               | \$/kVA per day |     |     |     |     |     |     |     |     |     |     |     |     |
| Demand   | Import charge | \$/kW pa       |     |     |     |     |     |     |     |     |     |     |     |     |
| Demand   | Export credit | \$/kW pa       |     |     |     |     |     |     |     |     |     |     |     |     |
| Energy   | Import charge | \$/MWh         |     |     |     |     |     |     |     |     |     |     |     |     |

- Network tariff comprises:
  - pass through of incremental TUOS charges incurred by the distributor at the relevant terminal station assuming that all energy consumed by the flexible connection is supplied from the terminal station
  - a fixed distribution charge which is set based on the import capacity of the connection
- Avoided TUOS payments are built into the tariff.
- TUOS charges relating to consumption and demand in financial year t are calculated in year t+1 and charged to DNSP in year t+2 as an equal payment each month. We would follow the same timing.
- Should there be any changes in the way that we are charged for transmission costs, these changes would be passed through to the flexible connection

Customers on our trial generation and/or battery tariffs will be transferred to our new flexible tariffs

| TRIAL TARIFF           | NEW TARIFF     |
|------------------------|----------------|
| Generator storage      | Flexible large |
| HV storage             | Flexible large |
| Community battery ToU  | Flexible small |
| Distributor LV battery | Flexible small |

# QUESTIONS



# We are introducing flexible exports during the 2026-31 period

- We are proposing to implement a **flexible export product** that will vary customers' export limit through the day based on the available network capacity over time
- All **new or upgrading** solar customers will be offered a flexible export product, and existing solar customers are eligible but may need inverter upgrades to support a flexible product depending on the age of their system.
- We are also planning to **reduce our standard static export limit** from 5kW to 1.5kW because existing network intrinsic hosting capacity is being eroded and customers will have the option of a more efficient flexible export product

|                         | CITIPOWER                                          | POWERCOR                                           | UNITEDENERGY                                       |
|-------------------------|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| STATIC EXPORT PRODUCT   | 1.5kW                                              |                                                    |                                                    |
| FLEXIBLE EXPORT PRODUCT | Up to 10kW                                         |                                                    |                                                    |
| PERFORMANCE METRIC      | 90% of customers can freely export 99% of the time | 90% of customers can freely export 99% of the time | 95% of customers can freely export 99% of the time |

## Indicative implementation timeline:

- **Q3 2024- Q3 2025:** Powercor flexible export trial (~100 customers)
- **Q4 2025:** trial extended to United Energy and CitiPower customers
- **Q3 2028:** flexible export products introduced for **all** new and upgrading solar customers

*Note, trials target otherwise constrained customers*

# QUESTIONS



# TARIFF REVIEW

# We are currently undertaking a review to assess the suitability of customer tariff allocations

## WE ARE REVIEWING THE SUITABILITY OF CUSTOMER TARIFF ALLOCATION

- To determine if the assigned tariff is suitable, we are reviewing the site classification and load profile
- Tariff assignments that do not align with our Tariff Structure Statement will be further reviewed to determine if a change in tariff is required

## THE PURPOSE OF THIS REVIEW IS TO ENSURE CUSTOMERS ARE ASSIGNED THE CORRECT TARIFF

- There are a number of reasons why a customer's tariff requirement may change over time, for example; site alterations, load profile changes and capacity changes
- Conducting periodic reviews provides a proactive way of ensuring customers are aligned to the approved tariff class

## WE WILL KEEP YOU INFORMED

- In the first quarter of 2025 we will reach out to retailers whose customers require a tariff change
- Adequate lead-times and supporting information will be provided
- To minimise the impact on retailers and customers tariff changes will align with annual rate updates

# QUESTIONS

# CLOSING

We hope this has provided a good overview of our draft network tariff proposals and welcome any feedback or questions from you email to [tariffs@powercor.com.au](mailto:tariffs@powercor.com.au)

A copy of the slides and all the Q&A discussed will be provided to all the participants