2025-26 Pricing Proposal Statement of Compliance

7 May 2025

ERGON. ENERGY NETWORK

Part of Energy Queensland

Contents

1 INTRODUCTION

This statement of compliance as well as the standardised SCS and ACS pricing models form Ergon Energy Corporation Limited's (Ergon Energy Network's) Pricing Proposal for 2025-26. This is an initial Pricing Proposal that has been submitted within 15 business days after publication of the distribution determination.

Below is a full list of documents that form part of this proposal:

- Attachment A – 2025-26 Statement of compliance (this document) - public
- Attachment B – 2025-26 SCS pricing model - public
- Attachment C – 2025-26 SCS pricing model - confidential
- Attachment D – 2025-26 ACS pricing model – public
- Attachment E – 2025-26 Pricing Proposal Overview – public
- Attachment F - Supporting information – public
- Attachment G - Supporting information – confidential
- Attachment H – Confidentiality template – public
- Attachment I – 2025-26 Network Price List - public

2 DEMAND FORECASTS

Ergon Energy Network has provided quantity forecasts for standard control services in the 'Qty forecasts' sheet of the SCS pricing model.

In comparison to the previous Pricing Proposal's forecast, the energy consumption volumes and customer numbers for the current regulatory year are not materially different. The variance in quantities from the previous year for the entire network as well as for residential and small business customers, is outlined and explained in Table 1.

Table 1: Forecast and estimate energy consumption and customer numbers[1]

Quantity	Forecast 2024 25	Estimate 2024 25	Forecast 2025 26	Variance and explanation of change
	13,603	**13,600**	**13,509**	At the total network level, the difference between the estimated energy consumption in 2024-25 compared to the original 2024-25 forecast is immaterial. In 2025-26, energy consumption is forecast to decrease compared to 2024-25. This decrease is mainly driven by the low voltage business segment. Energy consumption forecasts for 2025-26 assume that weather conditions will revert to the long-term trend. Continued increase in solar PV installations also lowers the amount of energy needing to be supplied from the network. The growth in energy sourced from solar PV in projected to overshadow the growth of customer numbers.
- Energy – residential, inc. controlled load	4,167	4,264	4,252	Residential energy consumption is expected to be higher than forecast in 2024-25, driven by warmer and more overcast summer weather conditions. Energy consumption forecasts for 2025-26 assume that weather conditions will revert to the long-term trend. A relatively minor decrease in residential energy consumption is projected for 2025-26 compared with 2024-25 due to continued uptake of solar.
- Energy – small business	1,341	1,358	1,331	The difference between the latest estimate for energy consumption for the small business customer segment in

[1] Refer to 'Tables' sheet, of the SCS pricing model, Output Table 9.
Note: Estimate 2024-25 numbers for residential and small business differ to Table 9. Table 9 excludes customer numbers and energy consumption on withdrawn SAC tariffs. These have been added in the table above.

Quantity	Forecast 2024 25	Estimate 2024 25	Forecast 2025 26	Variance and explanation of change
				2024-25 compared to the original forecast is immaterial. Small business energy consumption in 2025-26 is expected to be lower than 2024-25. Energy consumption forecasts for 2025-26 assume that weather conditions will revert to the long-term trend. Continued installations of solar PV also places downward pressure on chargeable volume by creating an alternative source of self-supply.
Customer no. total	**763,951**	**774,542**	**781,283**	At the total network level, the difference between the latest estimate for 2024-25 compared to the original forecast is mostly due to the inclusion of unmetered customer numbers in the latest estimate (approx. 10,000 customers). Unmetered numbers were included for completeness and to allow a like for like comparison with the actual RIN numbers. In 2025-26 customer numbers are expected to increase consistent with historic trends. The largest contribution to the increase in customer numbers is the residential customer segment, which is driven by an increase in the Queensland population. Other tariff groups have small increases over time, consistent with historic trend.
- Customer no. residential exc. controlled load	664,092	663,646	670,991	The difference between the latest estimate for 2024-25 customer numbers and the original forecast is likely due to the timing of new connections, as customer numbers used for the Pricing Proposal are based on a mid-year estimate (reflecting that customers do not all connect to the network at one time). Residential customer numbers are projected to increase in 2025-26 due to an overall increase in the Queensland population.
- Customer no. small business	92,698	93,106	93,335	Small business customer numbers are projected to increase slowly over time for consistent with historic long-term trend.

2.1 Forecasting methodology and key drivers

Energy consumption forecasts are prepared at the total network level, at customer segment levels and at customer level for certain individually calculated network tariffs. The energy and customer number forecast model that Ergon Energy Network utilises for low voltage (LV) customers (Standard Asset Customer (SAC) tariff class) is based on a combination of econometric forecasts and trend extrapolation that incorporates key drivers of energy consumption (e.g. temperature and humidity indices, Queensland State Product and Population) both directly and indirectly.

The energy forecast model is consistent with the model externally reviewed in February 2023. This review concluded that the forecasting methodology implemented across all tariff classes for both the Ergon Energy Network and Energex networks is of a suitably high standard and fit for purpose, and the forecast generated is in accordance with best practice principles.

Movements in energy consumption, demand and customer numbers can often be attributed to changes in a range of variables including economic and weather conditions. Our forecast methodology uses a systematic process to capture the underlying relationships between energy sales and these drivers of change. The forecast model estimates future movements under different scenarios as new data is made available. A similar approach is applied to customer number forecasts.

Differences in forecast and estimate quantities in any particular year relates to underlying changes to drivers with updated information. The key drivers used for the forecast model and the source data used for the estimates of forecasts in both the current and prior year Pricing Proposals is summarised in Table 2.

Table 2: Key inputs to forecasts

Key Driver	Source	**Basis of forecast** (2024 25 Pricing Proposal)	**Basic of forecast (2025 26 Pricing Proposal)**
Consumption data	Internal metering data	Actuals up to end of October 2023	For large customers actuals up to end of November 2024 For small customers actuals up to end of September 2024
Weather – key indicators	Bureau of Metrology via PI Application	Actuals up to January 2024	Actuals up to November 2024
NMI/Customer numbers	PEACE Application	Actuals up to January 2024	Actuals up to August 2024
Population Projections	Deloitte Access Economics (DAE): Business Outlook	DAE: Business Outlook December 2023	DAE: Business Outlook September 2024
Economic Growth	DAE: Business Outlook	DAE: Business Outlook December 2023	DAE: Business Outlook September 2024
Consumer Energy Resources (CER) Forecast	Blunomy Consulting	Actuals up to end of October 2023	Actuals up to end of August 2024

Energy and customer forecasts estimated at the customer segment level are further allocated to different tariffs. The application of energy consumption and customer number forecasts to each customer segment are explained in Table 3.

Table 3: Application of forecast quantities to each customer segment

Quantity by customer type	Methodology for allocation of forecast quantities to tariff and charging parameters
Energy consumption	
Major customers	Energy and maximum demand forecasts for major Individually Calculated Customers (ICC) and Connection Asset Customers (CAC) are individually developed. The energy forecast is based on a review of each customer's recent actual consumption history plus any confirmed future operational changes. Any new customers are included using forecast data provided with their connection application.
Low voltage business	Forecast energy consumption for a LV business is firstly split between small business and SAC Large customers based on historic energy consumption data. The forecast energy consumption is then apportioned to each tariff and charging component, including Time of Use (TOU) charging windows based on historic trend.
Residential	Forecast energy consumption for the residential sector is apportioned to each tariff and charging component (including TOU charging windows) based on historic trend. Consumption for new customers is allocated to the default tariffs.
Unmetered	Forecasts for unmetered tariff energy consumption are based on simple linear regression or exponential smoothing models, incorporating total device counts, device energy efficiency data and replacement programs (where available).
Controlled Load	Forecasts for controlled load quantities are based on a multiple linear regression model. Explanatory variables to the model include the number of National Metering Identifier (NMI) records assigned as residential and the number of NMI's recorded as installing rooftop solar photovoltaic (PV). Residential customers with controlled load often disconnect after installing a PV system.
Customer numbers	
Major customers	ICC and CAC customer numbers are based on the latest actual active NMI list.
Low voltage business	An average of current year and forecast year customer numbers is used for price setting purposes, reflecting that customers do not all connect to the network at one time (and therefore do not all pay the fixed daily charges for the full financial year). Forecast LV business customer numbers are firstly apportioned between small business and SAC Large categories based on historic trends. Within each of these segments, the forecast customer numbers are then apportioned to each tariff based on tariff assignment policy, forecast smart meter uptake (or churn) and historic trends. The forecasts assume: - all new customers are assigned to the default tariff in each customer segment,

Quantity by customer type	Methodology for allocation of forecast quantities to tariff and charging parameters
	- existing customers are reassigned to the default tariffs in accordance with the tariff assignment procedure set out in the 2025-30 Tariff Structure Statement, and - for small business customers, forecast quantities include assumptions regarding customer assignments between the default and optional tariffs based on initial engagement with retailers.
Residential	An average of current year and forecast year customer numbers is used for price setting purposes, reflecting that customers do not all connect to the network at one time (and therefore do not all pay the fixed daily charges for the full financial year). Forecast residential customer numbers are apportioned to each tariff based on tariff assignment policy, forecast smart meter uptake (churn) and historic trends. The forecasts assume: - all new customers are assigned to the default tariff in each customer segment - existing customers are reassigned to the default tariffs in accordance with the tariff assignment procedure set out in the 2025-30 Tariff Structure Statement, and - forecast quantities include assumptions regarding customer assignments between the default and optional tariffs based on initial engagement with retailers.
Unmetered	Customer numbers are not required for unmetered tariff price setting as unmetered tariffs do not have a fixed charge.
Controlled Load	An average of current year and forecast year customer numbers is used for price setting purposes, reflecting that customers do not all connect to the network at one time (and therefore do not all pay the fixed daily charges for the full financial year).

3 TARIFFS

3.1 Standard control services

The 'Tariff schedule' sheet of the SCS pricing model sets out the proposed 2025-26 prices for standard control services.

All tariffs remain in the same tariff class as the current Tariff Structure Statement.[2] This is demonstrated in tariff schedule 2 of the SCS pricing model.

All tariffs retain the same charging parameters as the current Tariff Structure Statement.[3] This is also demonstrated in tariff schedule 2 of the SCS pricing model.

Table 4 is a summary of each charging parameter.

Table 4: Charging parameters

Charging parameters	Unit	Explanation
	$/day	Daily supply charge. Applies as a rate ($) per day to all primary tariffs and secondary controlled load tariffs.
Connection unit charge	$/day/connection unit	Applies to CAC tariffs only. The Distribution Use of System (DUOS) connection unit calculation multiplies the connection unit charge ($/day) by the customer's site-specific number of connection units.
Anytime volume charge	$/kWh	Applies to anytime energy consumption.
Volume Peak Charge (over 10,000)	$/kWh	Applies to Small Business Transitional Network TOU Tariff 1 – weekdays 7am – 9pm >10,000 kWh per year.
Volume Peak charge	$/kWh	Applies to Residential TOU Energy and TOU Demand and Energy tariffs 4pm to 9pm on weekdays and weekends. Applies to Small Business TOU Energy, Small Business TOU Demand and Energy, and SAC Large TOU Demand and Energy and TOU Energy tariffs 5pm to 8pm on weekdays.
Volume off-peak charge	$/kWh	Applies to Residential TOU Energy and TOU Demand and Energy tariffs 11am to 4pm on weekdays and weekends. Applies to Small Business TOU Energy, Small Business TOU Demand and Energy, and SAC Large TOU Demand and Energy and SAC Large

[2] Final decision - Ergon Energy distribution determination 2025-30 - Revised Tariff Structure Statement - April 2025 - Clean | Australian Energy Regulator (AER).
[3] Final decision - Ergon Energy distribution determination 2025-30 - Revised Tariff Structure Statement - April 2025 - Clean | Australian Energy Regulator (AER).

Charging parameters	Unit	Explanation
		TOU Energy tariffs weekdays and weekends between the hours of 11am to 1pm.
Volume shoulder charge	$/kWh	Applies to Residential TOU Energy and TOU Demand and Energy tariffs 9pm to 11am on weekdays and weekends. Applies to Small Business TOU Energy, Small Business TOU Demand and Energy, and SAC Large TOU Demand and Energy and TOU Energy tariffs: - weekdays between the hours of midnight to 11am, 1pm to 5pm and 8pm to midnight - on weekends between the hours of midnight to 11am, 1pm to midnight.
General service charge	$/kWh	Applies to ICC tariffs for anytime energy consumption charge.
Common service charge	$/kWh	Applies to ICC tariffs for anytime energy consumption.
Volume Block 1	$/kWh	Applies to SAC Large basic tariff, anytime consumption below 97,000 kWh per year.
Volume Block 2	$/kWh	Applies to SAC Large basic tariff, anytime consumption >97,000 kWh per year.
Demand charge kVA	$/kVA	Applied to SAC Large Demand Small tariff, CAC and ICC tariffs. Charge applied to single highest half hourly kVA demand during the month.
Peak demand charge kVA	$/kVA	Applies to SAC Large TOU Demand and Energy tariff and CAC HV Demand TOU tariffs. Charge applied to the single highest half hourly kVA achieved between 5pm to 8pm during the month. Applied weekdays only.
Shoulder demand charge kVA	$/kVA	Applies to SAC Large TOU Demand and Energy tariff and CAC HV Demand TOU tariffs. Charge applied to the single highest half hourly kVA during the month, achieved: - on weekdays between the hours of midnight to 11am, 1pm to 5pm and 8pm to midnight - on weekends between the hours of midnight to 11am, 1pm to midnight.
Off-peak demand charge kVA	$/kVA	Applies to SAC Large TOU Demand and Energy tariff and CAC HV Demand TOU tariffs.

Charging parameters	Unit	Explanation
		Charge applied to the single highest half hourly kVA achieved between 11am to 1pm during the month. Applied weekdays and weekends.
Demand charge kW	$/kW	Applies to CAC HV Bus TOU Demand and HV Line TOU Demand tariffs. Charge applied to single highest half hourly kW demand during the month.
Peak demand charge kW	$/kW	Applies to Residential TOU Demand and Energy tariff. Charge applied to the single highest half hourly kW achieved between 4pm to 9pm during the month. Applies on both weekdays and weekends. Applies to Small Business TOU Demand and Energy tariff. Charge applied to the single highest half hourly kW achieved between 5pm to 8pm during the month. Applied weekdays only. A kW variant of the demand charge will also be available for the SAC Large TOU Demand and Energy Tariff in instances where the smart meter is unable to publish the underpinning interval data for the purposes of determining kVA quantity for billing.
Shoulder demand charge kW	$/kW	Charge will apply from 1 July 2027 to new Residential Demand and Small Business Demand tariffs. A kW variant of the demand charge will also be available for the SAC Large TOU Demand and Energy Tariff in instances where the smart meter is unable to publish the underpinning interval data for the purposes of determining kVA quantity for billing.
Off-peak demand charge kW	$/kW	Charge will apply from 1 July 2027 to new Residential Demand and Small Business Demand tariffs. A kW variant of the demand charge will also be available for the SAC Large TOU Demand and Energy Tariff in instances where the smart meter is unable to publish the underpinning interval data for the purposes of determining kVA quantity for billing.
Location charge	$/kW	Applies to ICC tariffs only. Monthly single highest half hourly kW demand.
Capacity charge	$/kVA	Applies to ICC tariffs only.
Minimum Capacity Charge	$/kW	Applies to Transitional Network TOU tariff 3. Applies to pump size up to 7.5kW.
Remaining Capacity Charge	$/kW	Applies to Transitional Network TOU tariff 3.

Charging parameters	Unit	Explanation
		Applies to pump size >7.5kW.
Critical Peak Import charge	$/kVA	Applies to 2025-26 Storage tariff trial tariffs only.
Critical Peak Export charge	$/kW	Applies to 2025-26 Storage tariff trial tariffs only.
Critical Peak Export reward	$/kWh	Applies to 2025-26 Storage tariff trial tariffs only.
Critical Peak Import reward	$/kWh	Applies to 2025-26 Storage tariff trial tariffs only.

The expected weighted average revenue for each tariff class for the current and forecast years is demonstrated in output table 5 of the SCS pricing model.

3.2 Alternative control services

The ACS pricing model sets out the proposed 2025-26 prices for alternative control services.

Ergon Energy Network will offer the same list of services for public lighting and ancillary network services as approved in the AER's final determination for alternative control services.[4] The list of services for public lighting, security lighting and fee-based services is provided in the ACS pricing model. Quoted services are provided in line with the approved control mechanism formula,[5] using the applicable labour rates in the ACS pricing model.

3.3 Tariff variations

We are anticipating variations or adjustments to our tariff prices, tariff class or charging parameters within the 2025-26 period. These are described in the subsections below.

3.3.1 Standard Control Services

Consistent with previous years, we propose to adjust our ICC network tariff prices in circumstances where an ICC customer alters their connection characteristics during the course of the year. In these circumstances, it may be necessary to recalculate the customer's site-specific charge with the adjustment applied to the fixed, capacity, demand and volume charging parameters for ICC customers.

Any changes in site-specific charges for ICC customers will occur at the next network bill.

When new site-specific tariffs are created for new ICC connections during 2025-26, the price setting mechanism will be in line with the methodology set out in Ergon Energy Network's 2025-30 Tariff Structure Statement.

There are no other variations or adjustments proposed to be made to standard control services tariffs during the 2025-26 regulatory year.

[4] AER - Final Decision Attachment 16 - Alternative control services - Ergon Energy - 2025-30 Distribution determination revenue proposal - April 2025 | Australian Energy Regulator (AER).
[5] AER - Final Decision Attachment 14 - Control mechanisms - Energex and Ergon Energy - 2025-30 Distribution determination revenue proposal - April 2025 | Australian Energy Regulator (AER).

3.3.2 Alternative Control Services

The Queensland Government has historically set maximum price caps to apply to a subset of Ergon Energy Network's alternative control services through Schedule 8 of the Electricity Regulation 2006. Since Schedule 8 maximum prices are imposed through Queensland legislation, they take precedence over the alternative control services prices approved by the AER.

It is important to note that the prices included in our Pricing Proposal have been derived under the AER's price-setting requirements. These prices, if subject to the Schedule 8 price caps, may be higher than those charged to customers.

Except for the application of Schedule 8 of the Electricity Regulation 2006 to a number of our fee-based alternative control services, there are no other variations or adjustments proposed to be made to alternative control services tariffs during the 2025-26 regulatory year.

3.4 Sub-threshold tariffs

Ergon Energy Network is proposing 4 sub-threshold trial tariffs for the regulatory year, with all tariffs to be introduced from 1 July 2025. These are:

1. SAC – Dynamic Price Storage tariff – to test how to implement tariffs that signal higher prices during critical system events and the ability of storage customers to respond to these price signals.
2. CAC - Dynamic Price Storage tariff – to test how to implement tariffs that signal higher prices during critical system events and the ability of storage customers to respond to these price signals.
3. SAC - Secondary Dynamic Price Storage tariff- incorporating critical peak period import and export reward components.
4. CAC – Secondary Dynamic Price Storage tariff - incorporating critical peak period import and export reward components.

Ergon Energy Network has notified the AER on these sub-threshold tariffs no later than four months before the start of a regulatory year. These are available on the AER website.[6]

Each sub-threshold trial tariff has a forecast revenue that is less than 1 per cent of total allowable revenue, and all sub-threshold tariffs have a combined forecast revenue less than 5 per cent of total allowable revenue. This is demonstrated in compliance table 4 of the SCS pricing model.

Ergon Energy Network will not be continuing the SAC Dynamic Flex Storage and the CAC Dynamic Flex Storage sub-threshold trial tariffs that were introduced in 2024-25. From 1 July 2025 these tariffs are included in our tariff suite and available for eligible customers.

[6] Ergon Energy - Tariff trial notification - 2025-26 | Australian Energy Regulator (AER).

4 PRICING PRINCIPLES

The revenue expected to be recovered from each tariff class lies on or between an upper bound representing the standalone cost of serving the retail customers who belong to that class and a lower bound representing the avoidable cost of not serving those retail customers. This is demonstrated in compliance table 5 of the SCS pricing model. These bounds were calculated by estimating of costs on the modification of the existing network to provide standard control services to the tariff class or classes concerned.

The stand-alone and avoidable costs for each tariff class are calculated in the manner described in our 2025-30 Tariff Structure Explanatory Statement. Lower bound (avoidable) costs for each tariff class were derived by calculating hypothetical proportions of network assets that would be avoided if the specific tariff class were to be removed. Similarly, the upper bound (stand-alone) costs for each tariff class were calculated based on the hypothetical proportions of network assets that would be required if only each tariff class was to be supplied in isolation. Our stand alone and avoidable cost estimates are prepared using cost categories as reported in the annual Regulatory Information Notice. The avoidable costs include scalable operating costs for assets and customer services. Stand-alone costs also include the indirect component for operating costs and the return on capex.

The sum of the revenue expected to be recovered from each tariff allows Ergon Energy Network to recover the expected revenue for the relevant services in accordance with the distribution. This is demonstrated in compliance table 1 of the SCS pricing model.

Each tariff is based on the long-run marginal cost of providing the service to which it relates to the retail customers assigned to that tariff.

The long-run marginal cost estimates are unchanged from the current Tariff Structure Statement.

5 INDICATIVE PRICES

Revised indicative prices for standard control services tariffs are provided in input tables 29 and 30 of the SCS pricing model. Revised indicative price caps for alternative control services are provided in the ACS pricing model. These indicative price levels have been determined in accordance with the current Tariff Structure Statement and updated to account for this Pricing Proposal.

The proposed tariff prices are materially different to the corresponding indicative prices and this is demonstrated in compliance tables 6 and 7 of the SCS pricing model. Brief notes have been written in column AS of the 'Price comp. ind.' sheet explaining the reasons for the difference. Furthermore, we explain below in greater detail the sources for the material differences between the proposed tariff prices and their corresponding indicative prices.

The highlighted differences between the indicative 2025-26 prices submitted as part of the revised 2025-30 Regulatory Proposal and the proposed 2025-26 prices are as follows:

- adjustments in the peak demand or energy consumption prices to increase cost reflectivity and ensure alignment with updated long-run marginal cost estimates (including alignment of estimates across the three pricing regions)
- increases in fixed prices to recover the portion of the revenue cap that could not be fully recovered through the long-run marginal cost based peak charging parameters
- changes imposed by the AER as part of its final decision on the 2025-30 Tariff Structure Statement including:
    - inclusion of several 2024-25 tariffs which are withdrawn on 1 July 2025, to account for customers with legacy/accumulation meters who may not be able to be transitioned onto the new tariff on 1 July 2025, as well as keeping their associated charging parameters intact
    - a modification of rates for some controlled load tariffs so that they have a zero value for the fixed charge in 2025-26 but must include an anytime volume charge.

6 TARIFF COMPONENTS

6.1 Distribution use of system charges

Tariffs designed to pass on distribution use of system charges are available in the 'Tariff schedule' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of distributed use of system charges adjusted for over or under recovery. This is demonstrated in output table 6 of the SCS pricing model.

The over or under recovery amount is calculated in a manner consistent with the AER's Final Decision for control mechanisms.[7]

The estimated distribution use of system revenue amount reflects the latest available financial, energy consumption, customer numbers and demand data. Estimated 2024-25 distribution use of system revenue (DUOS) is calculated by multiplying actual July 2024 to February 2025 quantities and estimated March 2025 to June 2025 quantities by the AER-approved 2024-25 network prices. Further information about the methodology used to develop forecast quantities for the remainder of 2024-25 is provided in Chapter 2 of this document.

Estimated Retailer of Last Resort (ROLR) amounts reflect the Statement of Charges debt from retailers who have gone into administration and triggered ROLR events.[8] These amounts have been incorporated in the 'Financials' sheet of the SCS pricing model.

Forecast DUOS amounts are calculated in a manner consistent with the AER's Final Decision by applying CPI, X-factor, the Service Target Performance Incentive Scheme amount and the over or under recovery amounts as demonstrated in the SCS pricing model.

Metering charges

From 2025-26, standard control tariffs designed to pass on legacy metering charges are available in the 'Metering' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of metering charges. This is demonstrated in output table 6 of the SCS pricing model.

6.2 Designated Pricing Proposal charges

Tariffs designed to pass on designated Pricing Proposal charges are available in the 'Tariff schedule' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of designated Pricing Proposal charges adjusted for over or under recovery. This is demonstrated in output table 6 of the SCS pricing model.

The over or under recovery amount is calculated in a manner consistent with the AER's Final Decision for control mechanisms[9] and is compliant with the NER.

Forecast and estimates of designated Pricing Proposal charges amounts that Ergon Energy Network is required to recover include the following:

- payments to Powerlink for transmission charges Ergon Energy Network expects to make in 2024-25 and 2025-26. Copies of Powerlink invoices for 2024-25 and Powerlink forecast

[7] AER - Final Decision Attachment 14 - Control mechanisms - Energex and Ergon Energy - 2025-30 Distribution determination revenue proposal - April 2025 | Australian Energy Regulator (AER).
[8] Refer to the attached Supporting information file, 'ROLR amounts' sheet.
[9] AER - Final Decision Attachment 14 - Control mechanisms - Energex and Ergon Energy - 2025-30 Distribution determination revenue proposal - April 2025 | Australian Energy Regulator (AER).

charges for 2025-26 are attached.[10] Estimates payment amount for 2024-25 is calculated using eight months of actual data (July 2024 to February 2025) and four months (March 2025 to June 2025) of forecast data.

- avoided transmission use of system payments Ergon Energy Network expects to make in 2024-25 and 2025-26 to eligible Embedded Generators:
  - the estimated avoided transmission use of system payment amount is calculated by applying Powerlink's 2024-25 transmission charges to estimated quantities derived using eight months of actual data (July 2024 to February 2025) and four months of data reported for the same period in the prior year (March 2024 to June 2024), and
  - the forecast avoided transmission use of system payment amount is calculated by multiplying Powerlink's 2025-26 transmission charges by prior year energy consumption and demand quantities reported for eligible Embedded Generators.

  Estimated and forecast avoided transmission use of system payments calculations are provided in the attached Supporting information file.[11]

- inter-distributor payments to:
  - Energex for supply from the Postman's Ridge Transmission Connection Point in the Toowoomba area. Ergon Energy Network take supply from Energex at the Postman's Ridge Transmission Connection Point and distribute to a group of customers in the area. Energex bills Ergon Energy Network a network service charge for these network services, and
  - Energy Queensland's non-regulated network for the use of the unregulated 220 kV network which supplies the Cloncurry township in the Mount Isa pricing zone.[12]

  A copy of the invoices for these payments for 2024-25 has been attached.[13] Forecast 2025-26 payment amounts to Energex are calculated based on the proposed 2025-26 Energex network charges.

  Forecast payment amounts for the use of the unregulated 220kV network are estimated by escalating the 2024-25 payment amount by the inflation rate specified in the contract. The forecast inter-distributor payment calculations are provided in the attached Supporting information file.[14]

[10] Refer to attached Supporting information file, 'TUOS expenditure 2526' and 'TUOS expenditure 2425' sheets.
[11] Refer to the attached Supporting information file, 'Avoided TUOS payments' sheet.
[12] These costs are passed through to all customers in the Mount Isa pricing zone via DPPC (TUOS) charges.
[13] Refer to the attached Supporting information file, 'Interdistributor payment 2425' sheet.
[14] Refer to the attached Supporting information file, 'Interdistributor payment 2526' sheet.

6.3 System strength charges

Ergon Energy Network will pass through any relevant system strength charges as determined by the system strength service provider in Queensland (Powerlink), as required to relevant parties (being distribution customers and embedded generators) at system strength connection points on the distribution network. The following arrangements apply when an Inverter Based Resource proponent applies to connect to Ergon Energy Network's network:

- the proponent makes a decision based on preliminary system strength impact assessment whether to elect to pay the prescribed system strength charge or alternatively choose to self-remediate
- where the proponent elects to pay the system strength charge, Ergon Energy Network informs Powerlink who sets these charges, and
- when a connection is complete, Powerlink invoices Ergon Energy Network who in turn invoices the proponent the system strength charge.

The amount, structure, and timing of the amount billed by Ergon Energy Network will replicate, as far as is reasonably practicable the amount, structure, and timing of the corresponding system strength charge billed to Ergon Energy Network by Powerlink.

Advice from our major customer team is that, at this stage, proponents have chosen to self-remediate or change the configuration of their connection rather than elect to pay the system strength charges. In 2025-26 there is no revenue expected from system strength charges.

6.4 Jurisdictional scheme amounts

Ergon Energy Network's jurisdictional schemes have been amended since the last jurisdictional scheme approval date. From 1 July 2025, Ergon Energy Network's Electrical Safety Office (ESO) levy will be treated as a jurisdictional scheme. Prior to 1 July 2025, ESO costs were treated as operating expenditure.

Tariffs designed to pass on jurisdictional scheme amounts are available in the 'Tariff schedule' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of jurisdictional scheme amounts adjusted for over or under recovery. This is demonstrated in output table 6 of the SCS pricing model.

The over or under recovery amount is calculated in a manner consistent with the AER's Final Decision for control mechanisms[15] and is compliant with the NER.

Forecast and estimates of jurisdictional scheme revenue Ergon Energy Network is required to recover reflect:

- the Solar Bonus Scheme Feed-in Tariff payments Ergon Energy Network expects to make in 2024-25 and 2025-25 to eligible customers for energy supplied into our distribution network from specific micro-embedded generators. The Solar Bonus Scheme Feed-in Tariff payment forecast was completed by Energy Queensland in February 2025 and a summary of the report outlining the forecasting methodology has been attached,[16]
- the 2024-25 and 2025-26 Energy Industry Levy covering a proportion of the Queensland Government's funding commitments for the Australian Energy Market Commission (AEMC) which Ergon Energy Network is obligated to pay under its Distribution Authority. A copy of

[15] AER - Final Decision Attachment 14 - Control mechanisms - Energex and Ergon Energy - 2025-30 Distribution determination revenue proposal - April 2025 | Australian Energy Regulator (AER).
[16] Refer to the attached Supporting information file, 'Solar bonus' sheet.

the 2024-25 AEMC payment voucher is attached.[17] The forecast 2025-26 AEMC levy amount has been estimated by escalating the 2024-25 AEMC levy by the latest inflation rate,[18] and

- the forecast 2025-26 ESO levy amount which has been estimated by escalating the 2024-25 ESO levy by the latest inflation rate.[19]

[17] Refer to the attached Supporting information file, 'AEMC levy' sheet
[18] Source: ABS CPI All Groups, Weighted Average of Eight Capital Cities from the December quarter 2024
[19] Source: ABS CPI All Groups, Weighted Average of Eight Capital Cities from the December quarter 2024

7 COMPLIANCE

7.1 Compliance with the determination

We confirm that our tariff assignment policy and the methodology in which we review and assess the basis on which a customer is charged is unchanged from the current TSS and is compliant with the NER.

There are no other material changes that should be brought to the attention of the AER.

7.2 Compliance table

Table 5: Compliance table

Rule reference	Section reference
6.18.2(a)	Chapter 1 - Introduction
6.18.8(a)(3)	Chapter 2 - Demand forecasts
6.18.2(b)(2) 6.18.2(b)(3) 6.18.2(b)(4) 6.18.6 6.18.2(b)(5) 6.18.1C 11.141.8	Chapter 3 – Tariffs
6.18.5(e) 6.18.5(f) 6.18.5(g)(2)	Chapter 4 - Pricing principles
6.18.2(d) 6.18.2(e) 6.18.2(b)(7A)	Chapter 5 - Indicative prices
6.18.2(b)(6) 6.18.2(b)(6A) 6.18.2(b)(6B) 6.18.2(b)(6C) 6.18.7 6.18.7A	Chapter 6 - Tariff components
6.18.3 6.18.4 6.18.2(b)(7) 6.18.2(b)(8)	Chapter 7 – Compliance

I, *Trudy Fraser*, *A/Executive General Manager Regulation*, confirm that the above statements are true and correct.

1 May 2025

Trudy Fraser

A/Executive General Manager Regulation *date*