



**AURORA ENERGY PTY LTD**

**2025 PRICE-REGULATED RETAIL SERVICE DRAFT PRICE  
DETERMINATION**

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Having:

- (a) conducted an investigation under Regulation 5 of the *Electricity Supply Industry (Pricing and Related Matters) Regulations 2023* into the maximum prices that may be charged by Aurora Energy under standard retail contracts in respect of small customers; and
- (b) complied with the *Electricity Supply Industry Act 1995* and Regulations 8 and 9 of the *Electricity Supply Industry (Pricing and Related Matters) Regulations 2023*,

I make the following Determination under section 40AA of the *Electricity Supply Industry Act 1995*.

Joe Dimasi  
TASMANIAN ECONOMIC REGULATOR

Dated:

# PART 1 – PRELIMINARY

## 1. Commencement date, effective date and expiry date

In accordance with section 40AA of the *Electricity Supply Industry Act 1995* and Regulation 8(3) of the *Electricity Supply Industry (Pricing and Related Matters) Regulations 2023*, this Determination takes effect on 1 July 2025 and remains in effect until 30 June 2028.

## 2. Interpretation

(a) Expressions not defined in this Determination have the same meaning as they have in the *Electricity Supply Industry (Pricing and Related Matters) Regulations 2023* and the *Electricity Supply Industry Act 1995*.

(b) In this Determination –

*2022 Determination* means the determination made by the Regulator on 29 April 2022;

*AEMO* means the Australian Energy Market Operator (ABN 94 072 010 327);

*AEMO charges* mean the annual charges imposed on National Energy Market participants by the AEMO;

*adjustment* has the same meaning as it has in Regulation 12 of the *Electricity Supply Industry (Pricing and Related Matters) Regulations 2023*;

*annual standing offer price approval process* means the process set out in the draft guideline issued by the Regulator on 24 February 2025 relating to the approval of standing offer prices under this Determination;

*Aurora Energy* means Aurora Energy Pty Ltd (ABN 85 082 464 622);

*Consumer Price Index* or *CPI* means the All Groups CPI index number for Hobart (ABS CAT NO. 6401.0);

*GWh* means gigawatt-hour (one gigawatt-hour is equivalent to 1 000 megawatt-hours or 1 000 000 kilowatt-hours);

*Hydro Tasmania* means the Hydro-Electric Corporation (ABN 48 072 377 158);

*kWh* means a kilowatt-hour, the amount of energy used at a constant rate of one kilowatt for one hour (one kilowatt-hour is equivalent to 1 000 watt-hours);

*MWh* means megawatt-hour (one megawatt-hour is equivalent to 1 000 kilowatt-hours);

*network tariff* means the applicable schedule of tariffs (including the rate or rates) as approved by the Australian Energy Regulator (as amended from time to time) that Aurora Energy uses to calculate the amount it charges customers, or a class of customers, for network services;

*notional maximum revenue* means Aurora Energy's notional maximum revenue as calculated for each year in accordance with the formula in clause 8;

*notional tariff base* means the forecast small customer loads and small customer numbers as accepted by the Tasmanian Economic Regulator as part of the annual standing offer price approval process;

*prescribed inflationary factor* has the same meaning as it has in clauses 3 and 4 of this Determination;

*reference rate* means the monthly 90-day Bank Accepted Bill rate published by the Reserve Bank of Australia. The rate to apply in each quarter is the rate for the second month preceding the start of each new quarter. The reference rate will apply from the first business day of each new quarter up to and including the last business day of that quarter;

*regional reference node* has the same meaning as it has in the National Electricity Rules;

*regulatory period* means the period commencing on 1 July 2025 and ending on 30 June 2028;

*Regulator* has the same meaning as in the *Electricity Supply Industry Act 1995*;

*retail margin* means the allowance approved by the Regulator to compensate Aurora Energy for the risks it faces in providing standard retail services to small customers;

*small customer* has the same meaning as in the *Electricity Supply Industry Act 1995*;

*Regulated Tariff Strategy* means Aurora Energy's *Regulated Tariff Strategy* for the next regulatory period as approved by the Regulator;

*standard retail contract* has the same meaning as in the *Electricity Supply Industry Act 1995*;

*standard retail services* has the same meaning as in section 40AB(6) of the *Electricity Supply Industry Act 1995*;

*tariff strategy* means Aurora Energy's 2025 Tariff Strategy;

*standing offer prices* has the same meaning as in the *Electricity Supply Industry Act 1995*;

*WPI* means Tasmania's Wage Price Index for the private sector (ABS CAT NO 6345.0);

*wholesale electricity price* means the Regulator's calculation of the price Aurora Energy is taken to have paid when purchasing electricity, for the purpose of providing services under standard retail contracts to small customers; and

*year* means, as relevant, each of the 2025-26, 2026-27 and 2027-28 financial years.

### 3. Prescribed inflationary factors for Cost to serve

(a) For the purposes of this Determination, the prescribed inflationary factor for labour costs is to be calculated as follows:

$$(i) \text{ 2026-27} = \frac{WPI_{\text{Mar2026}} + WPI_{\text{Dec2025}} + WPI_{\text{Sep2025}} + WPI_{\text{Jun2025}}}{WPI_{\text{Mar2025}} + WPI_{\text{Dec2024}} + WPI_{\text{Sep2024}} + WPI_{\text{Jun2024}}}$$

$$(ii) \text{ 2027-28} = \frac{WPI_{\text{Mar2027}} + WPI_{\text{Dec2026}} + WPI_{\text{Sep2026}} + WPI_{\text{Jun2026}}}{WPI_{\text{Mar2026}} + WPI_{\text{Dec2025}} + WPI_{\text{Sep2025}} + WPI_{\text{Jun2025}}}$$

(b) For the purposes of this Determination, the prescribed inflationary factor for non-labour costs is to be calculated as follows:

$$(i) \text{ 2026-27} = \frac{CPI_{\text{Mar2026}} + CPI_{\text{Dec2025}} + CPI_{\text{Sep2025}} + CPI_{\text{Jun2025}}}{CPI_{\text{Mar2025}} + CPI_{\text{Dec2024}} + CPI_{\text{Sep2024}} + CPI_{\text{Jun2024}}}$$

$$(ii) \text{ 2027-28} = \frac{CPI_{\text{Mar2027}} + CPI_{\text{Dec2026}} + CPI_{\text{Sep2026}} + CPI_{\text{Jun2026}}}{CPI_{\text{Mar2026}} + CPI_{\text{Dec2025}} + CPI_{\text{Sep2025}} + CPI_{\text{Jun2025}}}$$

### 4. Prescribed inflationary factors for the Retail Margin

For the purposes of this Determination, the prescribed inflationary factor for the Retail Margin is to be calculated as follows:

$$(i) \text{ 2026-27} = \frac{CPI_{\text{Mar2026}} + CPI_{\text{Dec2025}} + CPI_{\text{Sep2025}} + CPI_{\text{Jun2025}}}{CPI_{\text{Mar2025}} + CPI_{\text{Dec2024}} + CPI_{\text{Sep2024}} + CPI_{\text{Jun2024}}}$$

$$(ii) \text{ 2027-28} = \frac{CPI_{\text{Mar2027}} + CPI_{\text{Dec2026}} + CPI_{\text{Sep2026}} + CPI_{\text{Jun2026}}}{CPI_{\text{Mar2026}} + CPI_{\text{Dec2025}} + CPI_{\text{Sep2025}} + CPI_{\text{Jun2025}}}$$

## PART 2 – MAXIMUM PRICES

### 5. Calculation of maximum prices

- (a) The maximum prices that Aurora Energy may charge in respect of standard retail services provided to small customers under standard retail contracts during the term of this Determination are to be calculated in accordance with the principle outlined in Clause 7(c).
- (b) For the avoidance of doubt, the maximum prices calculated in accordance with Clause 7 of this Determination do not include the late payment fees and interest on overdue accounts listed in Tables 4 and 5 respectively.

### 6. Approval of standing offer prices under this Determination

Draft standing offer prices are to be submitted to the Regulator for approval in accordance with the *Electricity Supply Industry Act 1995* and the annual standing offer price approval process.

### 7. Determining maximum prices

- (a) For each year of the regulatory period, for the purposes of this clause and Clause 8, Aurora Energy is required to provide details of its notional tariff base during the annual standing offer price approval process.
- (b) For the purposes of this clause and Clause 8, the tariffs that will apply to small customers in each year of the regulatory period are specified in Table 1.
- (c) The maximum prices that Aurora Energy may charge in respect of small customers for the tariffs that are to apply each year of the regulatory period are to be determined in accordance with the following principle:

If the prices for each tariff were to be applied to the load and billing day schedule for the notional tariff base for each tariff as provided as provided by Aurora Energy and approved by the Regulator during the annual standing offer price approval process for each year, the aggregate of the results so obtained will not exceed the notional



maximum revenue calculated in accordance with Clause 8 for that year.

- (d) The maximum prices determined under Clause 7(c) are subject to clauses 9 and 10.

## 8. NMR formula

The notional maximum revenue for each year is calculated in accordance with the following formula:

$$NMR_y = CTS_y + WEC_y + NC_y + NC(BL)_y + M_y + AEMO_y + RET_y + R_y + K_y + A_y + CF_y$$

Where:

$y$  is the relevant year

$NMR_y$  is the notional maximum revenue in year  $y$ .

$CTS_y =$  cost to serve per customer $_y$  x forecast number of small customers $_y$

where:

*Cost to serve per customer $_y$*  means the allowance determined by the Regulator, per customer, to cover the cost of providing services under standard retail contracts during each year, comprising labour and non-labour costs. The cost to serve allowance for 2025-26 is \$184.58 per customer (current year dollars).

The two components of the cost to serve are to be adjusted by the prescribed inflationary factor set out in Clause 3 on a 50:50 basis. That is, 50 per cent of the cost to serve will be adjusted by changes in the Hobart CPI and 50 per cent of the cost to serve will be adjusted by changes in the Tasmanian WPI for the private sector.

Forecast number of small customers $_y$  included in the notional tariff base for each year as provided by Aurora Energy and approved by the Regulator during the annual standing offer price approval process.

$WEC_y$  means the wholesale energy cost calculated as the forecast small customer load $_y$  x  $MLF_y$  x  $DLF_y$  x  $WEP_y$  where the forecast small customer load $_y$  for each year as provided by Aurora Energy and approved by the Regulator during the annual standing offer price approval process.

$MLF_y$  means the load weighted average marginal loss factor at the regional reference node for Tasmania for the relevant year as approved by the Regulator during the annual standing offer price approval process.

$DLF_y$  means the load weighted average distribution loss factor for the relevant year as approved by the Regulator during the annual standing offer price approval process.

$WEP_y$  means the wholesale energy price and is calculated by the Regulator in accordance with a methodology that complies with Section 40AB(3) of the *Electricity Supply Industry Act 1995* and any guidelines issued by the Regulator. The Regulator will calculate the applicable wholesale electricity price for each year in accordance with the annual standing offer price approval process.

$NC_y$  means the network costs derived by multiplying network tariffs<sub>y</sub> by the notional tariff base<sub>y</sub>. The Regulator will estimate network costs for each year during the annual standing offer price approval process.

$NC(BL)_y$  means the Regulator's assessed network costs for small customers on standard retail contracts relating to the network costs of the Basslink interconnector, should it become a regulated asset.

$M_y$  means the forecast metering costs as approved by the Regulator. The Regulator will estimate metering costs for each year during the annual standing offer price approval process.

$AEMO_y$  means the forecast charges, as billed by AEMO for market participation and ancillary services for each year. The Regulator will estimate AEMO charges for each year during the annual standing offer price approval process.

$RET_y$  means the cost of complying with the Australian Government's mandatory renewable energy schemes for each year. The Regulator will approve the RET cost allowance for each year during the annual standing offer price approval.

$K_y$  means over or under recoveries from a previous year covered by this Determination in relation to changes in network costs, some RET costs and AEMO charges attributable to the notional tariff base as approved by the Regulator.

$CF_y$  is an aggregate of under and / or over recoveries from previous years covered by the 2022 Determination as approved by the Regulator.

$R_y$  is the retail margin that compensates Aurora Energy for the risks it faces investing in its retail electricity business. The retail margin for 2025-26 is \$116.97 per customer (current year dollars). The fixed component of the retail margins for 2026-27 and 2027-28 are to be indexed by the prescribed inflationary factor set out in Clause 4. The variable component of the retail margins for 2026-27 and 2027-28 are to be based on 5.25 per cent of approved costs in the relevant year.

$A_y$  is an adjustment calculated in accordance with a methodology approved by the Regulator, consistent with Regulation 8 and Regulation 12 of the *Electricity Supply Industry (Pricing and Related Matters) Regulations 2023*, as detailed in any guidelines issued by the Regulator.

## PART 3 – STANDING OFFER TARIFF SCHEDULE

9. For each year of the regulatory period, Aurora Energy must offer customers on standard retail contracts the tariffs listed in Table 1.
10. Any changes to Aurora Energy's standing offer tariffs must be consistent with Aurora Energy's approved Regulated Tariff Strategy.

Table 1: Standing Offer tariffs

Tariffs	Category	Description
31	Residential	Residential light and power
41	Residential	Hot water
61	Residential	Off-peak night and afternoon only
62	Residential	Off-peak night only
93	Residential	Time-of-use
	Residential	Flat rate tariff
22	Business	General
43	Business	Institutional hot water
94	Business	Time-of-use
75	Business	Irrigation (time-of-use)
82	Business	Monthly kVA demand low voltage
	Business	Flat rate tariff

## PART 4 – NOTIONAL TARIFF BASE

11. For each year of the regulatory period, Aurora Energy is required to provide, during the annual standing offer price approval process, details of its notional tariff base and load and billing days in accordance with the formats specified in Tables 2 and 3 respectively.

Table 2: Notional tariff base - total load and customer numbers

Small customer load <sub>y</sub> (GWh)
Small customers <sub>y</sub> (number)

Table 3: Notional tariff base - load and billing day schedule by tariff

Tariff	Energy Step 1	Energy Step 2	Energy Step 3	Energy Peak	Energy Shoulder	Energy Off-Peak	Total Billing Days	Demand Step 1

## PART 5 – LATE PAYMENT FEES AND INTEREST ON OVERDUE ACCOUNTS

12. Aurora Energy is permitted to impose late payment fees as specified in Table 4.

Table 4: Late payment fees

Amount	Description
\$9	Late payment fee for accounts not paid in full by the fifth day past the due date

13. Aurora Energy is permitted to impose interest on overdue accounts as specified in Table 5.

Table 5: Interest on overdue accounts

Calculation	Description
$[(N/365) \times I] \times O$	<p>Interest calculated on accounts not paid in full by the fifth day past the due date where:</p> <p>N = the number of days the account is overdue</p> <p>I = the reference rate + 6%</p> <p>O = the overdue amount.</p> <p>The reference rate is the relevant monthly 90-day Bank Accepted Bill rate published by the Reserve Bank of Australia.</p>

## ***PART 6 – MISCELLANEOUS PROVISIONS***

14. The Regulator's decision in respect of all matters to do with the Determination will be final and no correspondence will be entered into.
15. This Determination is administered by the Regulator.