



**PRICING PROPOSAL FOR PERIOD 2 OF
THE 2016 STANDING OFFER PRICE
DETERMINATION**

1 JULY 2017 – 30 JUNE 2018

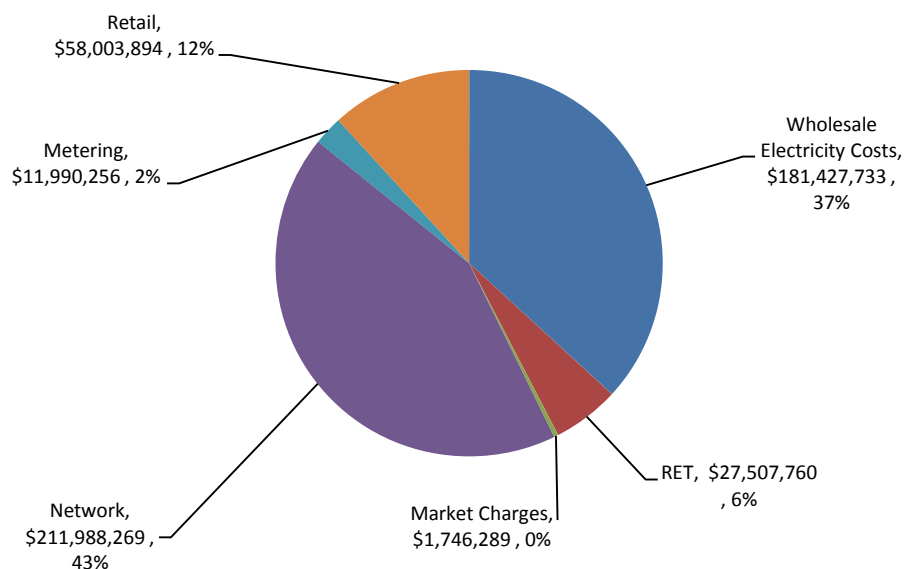
Executive Summary

This document represents Aurora Energy's Pricing Proposal submission to the Tasmanian Economic Regulator (Regulator) outlining the maximum prices that it proposes to charge its regulated Standing Offer customers during the period 1 July 2017 to 30 June 2018 (Period 2 of the 2016 Standing Offer Price Determination).

For 2017-18, Aurora Energy proposes the total Notional Maximum Revenue (NMR) to be **\$492,664,202**, an increase of 1.03% relative to the 2016-17 NMR of **\$487,634,399**. In comparison to the previous year, there have been significant movements in a number of the cost components that make up the NMR. For instance, the wholesale electricity cost component of the NMR has increased by 37.2%, representing the significant movement in wholesale prices across the National Electricity Market during this period. Conversely, the Network Charge component has reduced by 16.4% following TasNetworks' most recent submission to the Australian Energy Regulator to reduce its total regulated revenue for 2017-18.

The following table provides a breakdown of Aurora Energy's proposed NMR by cost component:

Figure 1 - 2017-18 NMR



The proposed Standing Offer prices reflect the requirements specified in the Wholesale Electricity Price (WEP) Order and Assessment Criteria made by the Treasurer on 9 June 2017. Additionally, to the extent possible given the Assessment Criteria, Aurora Energy has calculated prices in accordance with the approved 2016 Standing Offer Pricing Strategy. Importantly, this submission has begun the transition

to cost reflective pricing, a shift from the previous methodology of applying uniform price changes across all regulated Standing Offer tariffs.

As a result of the transition to cost-reflectivity, regulated Standing Offer customers will see different percentage movements in their annual electricity bills depending on their retail tariff(s) and their underlying usage patterns. Small business customers are expected to see a reduction in their overall bill movement. A typical medium usage customer on General Use – Tariff 22 will experience a reduction of approximately 5.2% in their annual bill in comparison to 2016-17. With respect to residential customers, in accordance with the Assessment Criteria set by the Treasurer, total bill movements for a typical customer will be no greater than 2%.

In this submission, Aurora Energy also proposes a number of non-price changes to the Pricing Schedule. This includes making Tariff 85 obsolete, and other refinements to the Tariff Schedule to ensure it is simple, transparent, market compliant and reflects terms and conditions of underlying Network Tariffs. The submission does not propose to abolish any tariffs, nor propose to introduce any new tariffs.

1. Notional Maximum Revenue Calculation

Aurora Energy's Notional Maximum Revenue (NMR) for Period 2 has been calculated in accordance with the following methodology prescribed in the 2016 Standing Offer Price Determination:

$$\text{NMR}_y = (\text{R}_y + \text{WEC}_y + \text{NC}_y + \text{M}_y + \text{AEMO}_y + \text{RET}_y + \text{K}_y) \times \text{Margin}_y + \text{A}_y + \text{CF}_y$$

where:

NMR_y is the notional maximum revenue for the notional tariff base;

R_y represents the cost to serve;

WEC_y represents wholesale electricity costs;

NC_y represents network charges;

M_y represents metering costs;

AEMO_y represents market participant fees and ancillary services;

RET_y represents the cost of complying with the Australian Government's mandatory renewable energy schemes;

K_y is an aggregate of under and/or over recoveries for network costs, metering costs, RET and AEMO charges from previous periods covered by the 2016 Standing Offer Price Determination;

Margin_y represents a return on total costs;

A_y represents any adjustments calculated in accordance with a methodology approved by the Regulator; and

CF_y is an aggregate of under and/or over recoveries from previous periods covered by the 2013 Standing Offer Price Determination.

The following sections outline the calculation of each component in the NMR formula.

1.1 Cost to Serve (R_y)

R_y has been calculated as follows:

[Cost to Serve_y x Prescribed Inflationary Factor x forecast number of small customers]

Parameter	Value	Source
Cost to Serve _y	\$138.45 per customer	Set in 2016 Standing Offer Price Determination.
Prescribed Inflationary Factor	1.015	Calculated in accordance with 2016 Standing Offer Price Determination.
Forecast Customer Numbers	244,428	Reported to the AER as at 31 March 2017 (per 8.2 of Standing Offer Price Approval Guideline – April 2016).
R_y	\$34,342,290	

1.2 Wholesale Electricity Cost (WEC_y)

WEC_y has been calculated as follows:

$$[\text{Forecast Small Customer Load}_y \times \text{MLF}_y \times \text{DLF}_y \times \text{WEP}_y]$$

Parameter	Value	Source
Forecast Small Customer Load _y	2050.48 GWh	Aurora Energy 2017-18 Load Forecast
MLF _y	1.0034	AEMO published loss factors.
DLF _y	1.0524	AEMO published loss factors.
WEP _y	\$83.79/MWh	Set in WEP Order made by Treasurer on 9 June 2017.
WEC_y	\$181,427,733	

1.3 Network Costs (NC_y)

NC_y has been calculated by multiplying TasNetworks' estimated network prices for 2017-18¹ (network tariffs_y) multiplied by the notional tariff base_y for 2017-18. This results in total network costs of **\$211,988,269** for Period 2.

1.4 Forecast Metering Costs (M_y)

As per the Regulator's decision of 26 May 2017, Aurora Energy has only included the following costs relating to the provision of metering services:

¹ Aurora Energy will advise the Regulator when the Australian Energy Regulator's final approval is made.

- i. a proportion of the forecast capital and operating expenditure associated with complying with the market system changes necessary to continue to transact with the market. This proportion is equal to Aurora Energy’s forecast annual regulated Standing Offer customer numbers as a percentage of the forecast of its total customer numbers and is to be depreciated over six years from 1 December 2017;
- ii. direct metering costs associated with the advanced meters that will be required to be installed in new and replacement situations for regulated Standing Offer customers from 1 December 2017 comprising the cost of new and replacement advanced meters for Standing Offer customers. The amount to be recovered in each period must equal the forecast cost of the meters multiplied by the forecast number of meters required in that period; and
- iii. any ongoing costs approved for TasNetworks by the Australian Energy Regulator in relation to metering services for regulated Standing Offer customers.

Aurora Energy has estimated a roll-out profile for advanced meters for the period 1 December 2017 to 30 June 2018 as well as the costs associated with the provision of advanced meters by the Metering Coordinator for which it is currently well advanced in a Request for Tender process.

The following table provides a detailed breakdown of the forecast metering costs (My) calculated:

Detailed breakdown of Forecast Metering Costs (My)			
Regulated Services charges	TasNetworks	Metering	\$10,921,305
Unregulated Coordinator charges	Aurora Energy	Metering	\$640,444
Total Direct Metering Costs			\$11,561,750
Recovery of capital and operating costs incurred to comply with AEMO’s market system changes			\$428,507
Total My			\$11,990,256

In addition to TasNetworks' regulated charges associated with metering services, Aurora Energy has calculated separately the direct metering costs associated with the roll-out of advanced metering services from 1 December 2017, as well as the recovery of meter assets replaced by an advanced meter by TasNetworks.

To calculate each component of direct metering costs in the table above, Aurora Energy has undertaken the following approach:

1. TasNetworks regulated meter charges are calculated by multiplying forecast billing days by tariff by weighted-average meter charge rate by tariff (based on current regulated meter profile per tariff);
2. advanced meter charges from the metering coordinator are calculated by multiplying the number of new and replacement advanced meters forecast to be rolled out by tariff during the period by the estimated daily meter charge (c/day) for advanced meters for the pro-rata period from 1 December 2017; and
3. TasNetworks regulated capital charges for those assets replaced by advanced meters are calculated by multiplying the forecast replacement meters by the capital daily meter charge (c/day) for the pro-rata period from 1 December 2017.

Based on this methodology for direct metering charges and the recovery of costs associated with AEMO market compliance, M_y has been calculated as **\$11,990,256**.

1.5 Forecast AEMO Costs ($AEMO_y$)

$AEMO_y$ has been calculated by applying the relevant fees published by the Australian Energy Market Operator for market participation as well as an estimate for ancillary charges based on ancillary costs for May 2016 to April 2017.

$AEMO_y$ for Period 2 has been calculated as **\$1,746,289**.

1.6 Renewable Energy Costs (RET_y)

RET_y has been calculated by:

- adopting the Clean Energy Regulator's published Renewable Power Percentage (RPP) for the first half of 2017-18;
- applying the RPP formula outlined in the Renewable Energy (Electricity) Act 2000 to calculate the forecast RPP for the second half of 2017-18;

- adopting the Clean Energy Regulator’s binding and non-binding Small-scale Technology Percentage (STP) for the first half and second half of 2017-18 respectively; and
- applying the RPP and STP to forecast prices for Large-Scale Generation Certificates and Small-Scale Technology Certificates respectively.

When applied to Aurora Energy’s liable customer load and estimated renewable certificate costs, RET_y for Period 2 has been calculated as **\$27,507,760**.

1.7 Aggregate Over/Under Recoveries from 2016 Standing Offer Price Determination (K_y)

K_y is estimated to be an over-recovery of **\$2,019,646** which is primarily driven by a lower Renewable Power Percentage of 14.22% for 2016-17 compared to the initial estimate of 15.49%. Actual load to date for 2016-17 has also been slightly lower than forecast.

Parameter	Value
REC_y Preliminary Adjustment 2016-17	(\$1,891,357)
$AEMO_y$ Preliminary Adjustment 2016-17	(\$128,288)
K_y	(\$2,019,646)

1.8 Aggregate Over/Under Recoveries from 2013 Standing Offer Price Determination (CF_y)

CF_y is estimated to be an over-recovery of **\$936,778**, which is primarily driven by lower actual load for January 2016 to June 2016 (affecting both REC_y and $AEMO_y$ costs) as well as a lower than estimated actual rate for Large-Scale Generation Certificates for this period.

Parameter	Value
REC_y Final Adjustment 2015-16	(\$841,076)
$AEMO_y$ Final Adjustment 2015-16	(\$95,702)
CF_y	(\$936,778)

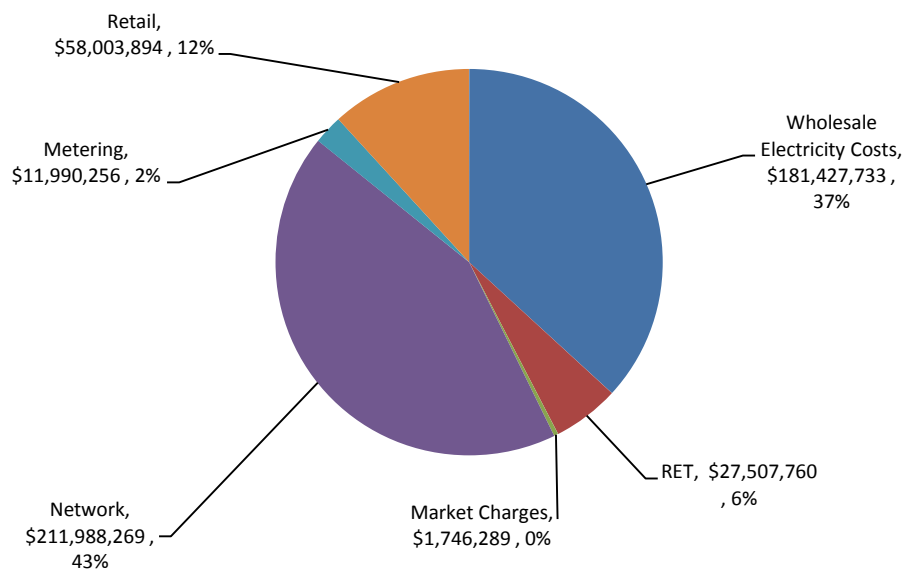
1.9 Retail Margin (Margin_y)

Margin_y is calculated as 5.7% of total costs (excluding CF_y and A_y) and is estimated to be **\$26,618,028** for Period 2.

1.10 Summary 2017-18 NMR

Taking into account the calculation of each individual cost component, Aurora Energy's total NMR for 2017-18 is **\$492,664,202**. This is an increase of 1.03% relative to the 2016-17 NMR of **\$487,634,399**. The following chart shows the total NMR proposed for Aurora Energy for 2017-18 by cost component.

Figure 2 – 2017-18 NMR



In summary, the key movements in 2017-18 NMR are in Wholesale Electricity costs and Network costs.

Wholesale Electricity costs have increased by approximately 37.2% (\$49.2M), reflecting the significant movement in wholesale prices across the National Electricity Market. Conversely, Network costs have decreased by approximately 16.4% (\$41.7M), following TasNetworks' most recent submission to the Australian Energy Regulator to reduce its total regulated revenue for 2017-18.

It should also be noted that retail costs incorporate the pass-through of over recoveries of approximately \$3.0M, primarily due to lower than estimated Renewable Power Percentage reducing Aurora Energy's REC liability. There was no pass-through adjustment included in 2016-17 NMR.

2. Non-Price Related Proposals

Aurora Energy's approved Pricing Strategy outlined a number of non-pricing related proposals aimed at enhancing consumer understanding of its tariffs through a simplified and transparent Standing Offer Tariff Schedule as well as introducing any new tariffs that would be of benefit to regulated Standing Offer customers.

On the basis that a WEP Order is in effect, Aurora Energy is not required to demonstrate to the Regulator compliance with its approved Pricing Strategy. However, Aurora Energy remains committed to achieving the objectives that underpin the Pricing Strategy and the following sections therefore provide Aurora Energy's proposals in relation to the non-pricing considerations outlined in Period 2 of the Pricing Strategy.

2.1 Obsolete Tariffs

The Pricing Strategy allows Aurora Energy to make obsolete any regulated Standing Offer tariffs for which consumers are unable to access the underpinning network tariff or there are no longer any consumers connected to the tariff. Making a tariff obsolete prevents any new connections to the tariff and allows for the tariff to be abolished at an appropriate time in the future.

In this regard, Aurora Energy proposes that Tariff 85 (Monthly kVA demand high voltage) be made obsolete from Period 2 on the basis that:

- there are currently no customers connected to this tariff, which is a legacy standing offer tariff for installations taking supply at a high voltage;
- the pricing structure for this tariff does not currently align with the pricing structure for the associated network tariff, with the retail tariff priced on a flat energy rate basis compared to a Time of Use (ToU) basis for the associated network tariff; and
- this tariff is no longer considered appropriate to be included within Aurora Energy's standing offer tariff suite given the complexity associated with the tariff, specifically demand-based charging and TasNetworks' customer supplied infrastructure requirements (availability of an interval meter and customer supplied transformers and switchgear).

No other tariffs are proposed to be made obsolete in Period 2.

2.2 Potential to Abolish Tariff 34

Tariff 34 (Nursing homes light and power) was made obsolete by Aurora Energy from 1 July 2016 in order to align with TasNetworks' associated obsolete network tariff. As a result of this, no new customers are currently able to connect to this tariff. Aurora Energy's Pricing Strategy provided for Aurora Energy to propose abolishing this tariff in Period 2, conditional on all customers having transitioned to an alternate electricity tariff by 1 July 2017.

As at 8 June 2017, 19 customers remain on Tariff 34 (or an associated combination that includes Tariff 34) and therefore Aurora Energy does not propose to abolish this tariff for Period 2. Aurora Energy notes that TasNetworks is seeking to gradually align the associated network price for Tariff 34 with the associated network price for Tariff 22 and discontinue the network tariff associated with Tariff 34 once parity has been achieved. It is therefore expected that Aurora Energy could abolish Tariff 34 at that time.

2.3 Removal of Curtilage Discount

The curtilage discount applies to farm outbuildings and non-irrigation pumps that are fed from the same transformer as a residence and is provided as a discount to the daily fixed charge of Tariff 22. The discount is a legacy arrangement that initially started as a 100% discount to the daily fixed charge however has been progressively phased out by Aurora Energy at a rate of 10% per annum since 1 January 2008 under various Standing Offer Price Determinations.

The discount currently sits at 10% in 2016-17 and is required to be completely removed for 2017-18 in the 2016 Determination. This has been reflected in Aurora Energy's Standing Offer Tariff Schedule.

2.4 Changes to Tariff Schedule Terms and Conditions

The Pricing Strategy allows Aurora Energy to amend the terms and conditions of its regulated Standing Offer tariffs in each period of the 2016 Standing Offer Price Determination to ensure that they are consistent with the terms and conditions of the underlying network tariffs on which they are based.

A number of proposed changes have been identified below to both take into account changes in terms and conditions for underlying network tariffs as well as improve the overall transparency and simplicity of the Standing Offer Tariff Schedule.

Minor changes

- Clarification is made that Aurora Pay As You Go (APAYG) is governed by a separate contract;
- Clarification is made that all customers on life support can apply to Aurora Energy for a discount, not just “some”; and
- Under “Time” heading the word “Australian” has been inserted before “Eastern Standard Time” to ensure consistency with the terminology used in the Tariff Schedule in relation to Tariff 93 and 94.

Substantial changes

- Prices are amended to align with proposed price changes from 1 July 2017;
- “Power Factor” paragraph - amended to encompass the additional Tasmanian Electricity Code requirement in 8.6.12 that installations and appliances not cause electromagnetic interference to the network;
- Tariff 31 – amended condition (a) to clarify that Tariff 31 applies to low voltage installations used “wholly or principally as private residential dwellings”, rather than only “private residences” and “private flats”. The new wording also aligns with underlying TasNetwork tariff wording and is consistent with Tariff Schedule working under Tariff 41. Tariff 31 Condition (d) relating to the Curtilage conditions has been removed. In condition (c), reference to “Tariff 42” has been removed as this is no longer applicable;
- Tariff 41 – added “Non-compliant systems may be refused connection or be disconnected” to align with Network tariff requirements; removed sentence providing additional detail about combination of Tariffs 41 and 42 as this information was only relevant for 2016-17 when the tariffs were first combined; and amended condition (l) to clarify that the tariff applies after a work request is completed;
- Tariff 85 - Added a statement that new connections to Tariff 85 are no longer available. Added the word “obsolete” after the tariff heading;
- Tariff 61 - technical specifications for Tariff 61 “Off peak with afternoon boost” have been added (Australian standards and quality requirements that TasNetworks requires be met); added two more “General Conditions” - “For premises used wholly or principally as private residential dwellings this tariff can be used for heating swimming pools, including those that incorporate a spa, but not separate spas from which the water goes to waste after use” and

“permanently “wired-in” electric heaters and/or “wired-in” appliances must be installed by a registered electrician in accordance with AS/NZS 3000 wiring rules and associated regulations and acts”, to align with the underlying network tariff conditions;

- Tariffs 22 and 82 – added requirement that premises not be used “wholly or principally as a private residential dwelling” to align with underlying network tariff conditions;
- Tariff 22 - added a statement that curtilage discount for Tariff 22 is no longer available and deleted any other reference to curtilage discount given it no longer applies to any tariff;
- Tariffs 93 and 94 - times have been consistently specified throughout as am/pm, removing any reference to 24 hour time for customer ease of reference and to ensure consistency with am/pm time referred to elsewhere in the Tariff Schedule; and
- Tariff 43 – amended condition (b) regarding storage capacities to align with underlying network tariff conditions.

2.5 Introduction of New Tariffs

Aurora Energy notes that new demand-based Time-of-Use network tariffs will be introduced from 1 July 2017 for residential and low voltage business customers on an opt-in basis. However, after careful consideration, Aurora Energy does not propose to offer corresponding retail tariffs for these new network tariffs for Period 2 on the basis that, at this stage, there is insufficient data to support the development of an appropriate retail price for demand-based tariffs, and to understand the potential impacts on customers of demand-based charging.

Aurora Energy will reconsider the introduction of demand-based Time-of-Use standing offer tariffs as part of its Pricing Proposal for Period 3.

3. Proposed Maximum Prices for Period 2

The approved Pricing Strategy allows Aurora Energy to commence the transition to cost-reflective tariffs to ensure that its regulated Standing Offer tariffs become progressively more reflective of actual supply costs and provide appropriate price signals to consumers. In the Pricing Strategy, Aurora Energy proposed an incremental transition to cost reflective tariffs that included:

- the direct pass-through in movements in underlying input costs directly to each component of each tariff; and
- rebalancing at the retail-tariff level at a maximum rate of 1.5% per annum to begin to address the impact of the legacy process of applying uniform price movements across all tariffs.

Aurora Energy has sought to commence the transition to cost reflectivity to the greatest extent possible in this Pricing Proposal within the constraints of the Assessment Criteria established by the Treasurer. The high-level methodology under which Aurora Energy has developed its proposed maximum prices is as follows:

1. pass-through any changes in underlying costs directly to each component of each tariff; and
2. undertake rebalancing at the retail-price level to ensure that the maximum prices:
 - a. are consistent with the Assessment Criteria specified by the Treasurer;
 - b. minimise negative margin tariffs to the greatest extent possible;
 - c. avoid the creation of any further cross-subsidies between residential and small business customers to the greatest extent possible; and
 - d. where appropriate, minimise the impact of significant adverse price movements on residential and small business customers.

To comply with the Assessment Criteria specified by the Treasurer, Aurora Energy has been required to rebalance its tariffs at the end-retail level to a much higher degree than the 1.5 per cent contemplated in its Standing Offer Price Strategy. In particular, significant rebalancing has been required to the variable component of Tariff 41 to constrain the increase in this component to 7 per cent (as a result of underlying increases in the network and wholesale costs of this tariff component). Despite this rebalancing, the variable component of Tariff 41 is now a negative margin tariff for Aurora Energy as a result of the tariff constraint.

The tables below show Aurora Energy's proposed maximum prices for 1 July 2017 to 30 June 2018 as well as the percentage movement in tariff components and the check that demonstrates that the calculated NMR will not be exceeded when its proposed prices are applied to forecast load.

Proposed Maximum Prices for 2017-18 (excluding GST)

	\$/day*	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kWh or kVA pa
Retail Tariff	Daily Supply Charges	Energy Step 1	Energy Step 2	Energy Step 3	Energy Peak	Energy Shoulder	Energy Offpeak	Demand
22	\$ 0.90801	\$ 0.30167	\$ 0.22317					
31	\$ 0.84305	\$ 0.23546						
34	\$ 1.27318	\$ 0.29904	\$ 0.23040	\$ 0.19606				
41	\$ 0.15720	\$ 0.15290						
43	\$ 0.16279	\$ 0.14290						
61	\$ 0.19428	\$ 0.12310						
62	\$ 0.18571	\$ 0.11595						
75	\$ 2.54371				\$ 0.27645	\$ 0.20131	\$ 0.12579	
82	\$ 2.84680	\$ 0.14625						\$ 135.483
85	\$ 2.79208	\$ 0.12875			\$ 0.12875	\$ 0.12875	\$ 0.12875	\$ 106.537
93	\$ 0.93655				\$ 0.28461		\$ 0.13252	
94	\$ 0.98355				\$ 0.24825	\$ 0.17943	\$ 0.10495	

Proposed Maximum Prices for 2017-18 (including GST)

Retail Tariff	\$/day*	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kWh or kVA pa
	Daily Supply Charges	Energy Step 1	Energy Step 2	Energy Step 3	Energy Peak	Energy Shoulder	Energy Offpeak	Demand
22	\$ 0.99881	\$ 0.33184	\$ 0.24549					
31	\$ 0.92736	\$ 0.25900						
34	\$ 1.40050	\$ 0.32894	\$ 0.25344	\$ 0.21566				
41	\$ 0.17292	\$ 0.16819						
43	\$ 0.17907	\$ 0.15719						
61	\$ 0.21371	\$ 0.13541						
62	\$ 0.20428	\$ 0.12754						
75	\$ 2.79809				\$ 0.30409	\$ 0.22144	\$ 0.13837	
82	\$ 3.13148	\$ 0.16088						\$ 149.031
85	\$ 3.07129	\$ 0.14162			\$ 0.14162	\$ 0.14162	\$ 0.14162	\$ 117.191
93	\$ 1.03021				\$ 0.31307		\$ 0.14577	
94	\$ 1.08191				\$ 0.27307	\$ 0.19737	\$ 0.11545	

Percentage Movement in Tariff Components for 2017-18

Retail Tariff	\$/day*	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kWh or kVA pa
	Daily Supply Charges	Energy Step 1	Energy Step 2	Energy Step 3	Energy Peak	Energy Shoulder	Energy Offpeak	Demand
22	0.00%	-6.66%	-5.94%					
31	0.30%	-0.63%						
34	0.00%	-0.22%	-1.12%	0.00%				
41	-3.43%	7.00%						
43	0.00%	0.00%						
61	-5.82%	7.00%						
62	-9.98%	7.00%						
75	-0.61%				-3.51%	-10.00%	-10.00%	
82	0.00%	0.00%						-27.13%
85	0.00%	0.00%			0.00%	0.00%	0.00%	0.00%
93	0.00%				0.00%		0.00%	
94	0.00%				-3.94%	-2.04%	0.00%	

2017-18 NMR Check

Retail Tariff	\$/day*	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kW or kVA pa
	Daily Supply Charges	Energy Step 1	Energy Step 2	Energy Step 3	Energy Peak	Energy Shoulder	Energy Offpeak	Demand
22	\$ 7,812,895	\$ 11,328,425	\$ 56,069,295					
31	\$ 65,058,713	\$ 181,731,662						
34	\$ 10,224	\$ 11,990	\$ 6,575	\$ 68,784				
41	\$ 11,287,893	\$ 127,713,894						
43	\$ 74,925	\$ 1,199,529						
61	\$ 1,443,905	\$ 5,566,022						
62	\$ 151,563	\$ 754,770						
75	\$ 1,756,638				\$ 10,882,612	\$ 630,554	\$ 2,949,708	
82	\$ 91,439	\$ 1,162,727						\$ 258,387
85	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -
93	\$ 357,152				\$ 795,342		\$ 687,749	
94	\$ 379,867				\$ 1,694,626	\$ 393,701	\$ 332,634	
Total	\$ 492,664,202							

4. Customer Impacts

As a result of the transition to cost reflectivity, regulated Standing Offer customers will see different percentage movements in their annual electricity bills depending on their retail tariff(s) and their underlying usage patterns. The price movements for different customer classes at typical levels of usage are shown below.

	Tariff	Customers	\$ Price Movement			% Price Movement		
			Low	Medium	High	Low	Medium	High
Small Business	22	25,318	\$ (34)	\$ (109)	\$ (349)	(4.1%)	(5.2%)	(5.7%)
	22/43	1,171	\$ (102)	\$ (145)	\$ (211)	(4.0%)	(4.1%)	(4.2%)
	22/61	333	\$ (136)	\$ (194)	\$ (282)	(3.9%)	(4.0%)	(4.0%)
	22/43/61	92	\$ (250)	\$ (365)	\$ (538)	(3.8%)	(3.8%)	(3.8%)
	22/62	150	\$ (114)	\$ (225)	\$ (519)	(4.2%)	(4.2%)	(4.2%)
	34	19	\$ (7)	\$ (7)	\$ (7)	(0.2%)	(0.2%)	(0.1%)
	75	1,906	\$ (202)	\$ (299)	\$ (446)	(4.3%)	(4.5%)	(4.7%)
	82	107	\$ (962)	\$ (962)	\$ (962)	(8.1%)	(6.2%)	(4.6%)
	94	190	\$ (8)	\$ (27)	\$ (69)	(1.3%)	(2.1%)	(2.6%)
Residential	31	11,067	\$ (2)	\$ (4)	\$ (6)	(0.3%)	(0.3%)	(0.4%)
	31/41	180,780	\$ 14	\$ 35	\$ 64	1.4%	2.0%	2.2%
	31/61	3,651	\$ 9	\$ 15	\$ 25	0.8%	1.0%	1.1%
	31/41/61	16,328	\$ 25	\$ 40	\$ 63	1.7%	2.0%	2.3%
	31/62	317	\$ 0	\$ 8	\$ 19	0.0%	0.5%	0.8%
	31/41/62	852	\$ 18	\$ 36	\$ 64	1.3%	1.7%	2.0%
	93	309	\$ -	\$ -	\$ -	0.0%	0.0%	0.0%

The key observations from the above are:

- All typical medium usage residential customers are estimated to incur an annual bill increase of 2.0% or less.
- The estimated increase in annual bill for typical residential customers on Tariff 31/41 combination (which makes up the majority of residential customers with approximately 181,000 customers) is expected to range between 1.4% and 2.2% depending on their usage profile.
- All typical medium usage small business customers are estimated to receive a decrease to their annual bill, ranging between 0.2% and 6.2%.
- The estimated decrease in an annual bill for typical small business customers on Tariff 22 (which makes up the majority of small business customers with approximately 25,000 customers) is expected to range between 4.1% and 5.7%, depending on their usage profile.

5. Additional Charges

The Additional Charges applying from 1 July 2017 are shown in the table below.

Additional Charges	2017-18 Price
Late payment fee	A late payment fee of \$5.00 applies for accounts not paid in full by the fifth day past the due date (Pensioner, Health Care Card and other exemptions apply).
Overdue accounts	Overdue accounts for Standing Offer customers may be charged interest in accordance with the 2016 Standing Offer Price Determination.

6. Supporting Documents Provided to the Regulator

Document	NMR / Input Reference
31 March 2017 Customer Numbers submitted to AER	Cost-to-Serve (R_y)
STOF_Load_Forecast_Workings_-_2017-18_Corporate Plan	Load Forecast
Treasurer's Wholesale Electricity Price Order	Wholesale Electricity Costs (WEC_y)
AR-#20948265-v2-Loss_Factors_2017-18	Distribution and Marginal Loss Factors
TasNetworks 2017-18 Network Tariff Application and Price Guide	Network Costs (NC_y)
AR-#20667442-v38-Green_Renewable_-_Master FINAL.XLS	Renewable Costs (RET_y)
AER - TasNetworks 2017-19 - Attachment 16 - Alternative control services - April 2017	Metering Costs (M_y)
AR-#20923261-v6-Market_Integration_Business_Case.doc	Metering Costs (M_y)
Signed letter from Regulator to Aurora Energy outlining the Regulator's decision regarding Metering Cost Recovery	Metering Costs (M_y)
Meter Register Numbers by type and tariff as at May 2017	Metering Costs (M_y)
AR-#20952771-v1-PPF130a_Summary_of_Load_by_Tariff_2015-16_STOF_Pricing_2017_18.XLSX	2013 Determination Recoveries (CF_y)
AR-#20952781-v1-PPF130a_Summary_of_Load_by_Tariff_Jun-16_to_Apr-17_STOF_Pricing_2017_18.XLSX	2016 Determination Recoveries (K_y)
Extract - AR-#20952759-v1-Energy_Purchases_Master_Sheet_2017-2018_STOF_Pricing.xlsx	AEMO Costs ($AEMO_y$) 2016 Determination Recoveries (K_y)
Treasurer's notice of Assessment Criteria	Customer Impacts