

Appendix F.1

Reference Tariff Change Forecast

Revised proposed access arrangement

ERA Approved

31 March 2023

Reference Tariff Change Forecast

To apply from 1 July 2023

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1.1 Reference Tariff Change Forecast

The table below sets out the forecast weighted average price changes for each reference tariff provided by Western Power in its further access arrangement information. The weighted average price changes included in the revised proposal were incorrect as there were errors in Western Power's revenue model.

The weighted average price change has been calculated by holding volumes (e.g. connection numbers, energy consumption and maximum demand) constant for the relevant pricing year and calculating the percentage difference between revenue based on proposed prices for the relevant pricing year and prices for the previous year.

| Tariff | Service | Average price change 22/23 % | Average price change 23/24 % | Average price change 24/25 % | Average price change 25/26 % | Average price change 26/27 % |
|--------|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| RT1 | A1 – Anytime Energy (Residential) Exit Service | 0% | 0.8% | 3.8% | 1.8% | 1.5% |
| RT2 | A2 – Anytime Energy (Business) Exit Service | 0% | 1.7% | 3.6% | 3.5% | 3.3% |
| RT3 | A3 – Time of Use Energy (Residential) Exit Service | 0% | 7.9% | 8.3% | 8.3% | 8.3% |
| RT4 | A4 – Time of Use Energy (Business) Exit Service | 0% | 7.6% | 8.2% | 8.2% | 8.7% |
| RT5 | A5 – High Voltage Metered Demand Exit Service or C5 Bi-directional Service | 0% | 2.0% | 5.6% | 5.1% | 3.5% |
| RT6 | A6 – Low Voltage Metered Demand Exit Service or Bi-directional Service | 0% | 1.9% | 5.7% | 4.4% | 1.6% |
| RT7 | A7 – High Voltage Contract Maximum Demand Exit Service or C7 Bi-directional Service | 0% | 1.8% | 5.5% | 5.6% | 3.7% |
| RT8 | A8 – Low Voltage Contract Maximum Demand Exit Service or Bi-directional Service | 0% | 2.0% | 6.0% | 6.0% | 3.1% |
| RT9 | A9 – Streetlighting Exit Service | 0% | 0.0% | 1.5% | 1.5% | 1.5% |
| RT10 | A10 – Unmetered Supplies Exit Service | 0% | 4.0% | 5.0% | 5.0% | 5.0% |
| RT11 | B1 – Distribution Entry Service | 0% | 8.0% | 6.4% | 3.6% | 1.6% |
| RT13 | C1 – Anytime Energy (Residential) Bi-directional Service | 0% | 0.7% | 3.6% | 1.7% | 1.3% |

| Tariff | Service | Average price change 22/23 % | Average price change 23/24 % | Average price change 24/25 % | Average price change 25/26 % | Average price change 26/27 % |
|--------|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| RT14 | C2 – Anytime Energy (Business) Bi-directional Service | 0% | 0.4% | 2.1% | 2.7% | 2.0% |
| RT15 | C3 – Time of Use (Residential) Bi-directional Service | 0% | 7.3% | 8.3% | 8.3% | 8.3% |
| RT16 | C4 – Time of Use (Business) Bi-directional Service RT16 | 0% | 7.8% | 8.2% | 8.2% | 8.8% |
| RT17 | A12 – 3 Part Time of Use Energy (Residential) Exit Service or C9 Bi-directional Service | 0% | 5.5% | 8.5% | 8.5% | 8.4% |
| RT18 | A13 – 3 Part Time of Use Energy (Business) Exit Service or C10 Bi-directional Service | 0% | 8.0% | 8.2% | 8.2% | 8.9% |
| RT19 | A14 – 3 Part Time of Use Demand (Residential) Exit Service or C11 Bi-directional Service | 0% | 1.3% | 8.2% | 8.2% | 8.2% |
| RT20 | A15 – 3 Part Time of Use Demand (Business) Exit Service or C12 Bi-directional Service | 0% | 2.8% | 8.1% | 8.1% | 8.9% |
| RT21 | A16 – Multi Part Time of Use Energy (Residential) Exit Service or C13 Bi-directional Service | 0% | 7.8% | 8.5% | 8.5% | 8.4% |
| RT22 | A17 – Multi Part Time of Use Energy (Business) Exit Service C14 or Bi-directional Service | 0% | 6.5% | 8.2% | 8.2% | 8.8% |
| RT34 | A19 – Super Off-peak Energy (Business) Exit Service or – C17 Bi-directional service | 0% | 0.0% | 4.9% | 3.7% | 4.3% |
| RT35 | A18 – Super Off-peak Energy (Residential) Exit Service or C16 – Bi-directional Service | 0% | 0.0% | 5.2% | 3.3% | 3.4% |
| RT36 | A21 – Super Off-peak Demand (Business) Exit Service or C19 – Bi-directional Service | 0% | 0.0% | 3.8% | 2.9% | 3.3% |
| RT37 | A20 – Super Off-peak Demand (Residential) Exit Service or C18 – Bi-directional Service | 0% | 0.0% | 4.6% | 3.2% | 3.4% |

| Tariff | Service | Average price change 22/23 % | Average price change 23/24 % | Average price change 24/25 % | Average price change 25/26 % | Average price change 26/27 % |
|--------|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| RT38 | C23 – LV Distribution Storage Bi-directional Service | 0% | 0.0% | 5.5% | 5.5% | 5.5% |
| RT39 | C24 – LV Distribution Storage Bi-directional Service | 0% | 0.0% | 6.0% | 5.5% | 5.5% |
| RT40 | A22 – LV EV Charging Exit Service or C20 – Low Voltage Electric Vehicle Charging Bi-directional Service | 0% | 0.0% | 6.0% | 5.5% | 5.5% |
| RT41 | A23 – HV EV Charging Exit Service or C21 – High Voltage Electric Vehicle Charging Bi-directional Service | 0% | 0.0% | 6.0% | 5.5% | 5.5% |
| | Total for distribution connected reference services | 0.0% | 3.27% | 6.06% | 5.49% | 5.28% |
| TRT1 | A11 - Transmission Exit Service | 0% | 7.5% | 7.5% | 7.5% | 7.5% |
| TRT2 | B2 - Transmission Entry Service | 0% | 7.5% | 7.5% | 7.5% | 7.5% |
| TRT3 | C22 - Transmission Storage Service | 0% | 0.0% | 7.5% | 7.5% | 7.5% |
| | Total for transmission connected reference services | 0.0% | 7.42% | 7.50% | 7.50% | 7.50% |
| | All tariffs | 0.00% | 3.5% | 6.14% | 5.61% | 5.42% |

The ERA did not approve Western Power’s proposed target revenue. Therefore, prices and the resultant reference tariff change forecast submitted on 18 January 2023 will need to be updated to take account of the revised target revenue in this final decision. This is discussed further below.

In its revised proposed tariff structure statement, Western Power made the following points about price increases during AA5:

- General:
 - It considers the current on-peak prices are above its estimates of long run marginal cost but will transition to efficient (lower) peak prices gradually over time.
 - It will carefully consider the extent to which there is any difference between the level of revenue currently recovered from each reference tariff and the efficient target for that reference tariff and will make any adjustments gradually over time to avoid price shocks and provide end-users and stakeholders an opportunity to prepare for arriving at the efficient cost allocation in the future.
 - It will endeavour to limit the increase in the average price of a tariff to no more than two per cent above the change that is required to recover target revenue.

- Residential:
 - It will set consistent fixed charges across all residential reference tariffs.
 - It proposes that fixed charges for residential end-users will increase in 2023/24 and 2024/25 broadly in line with the increase in target revenue in those years and then remain relatively flat in nominal terms for the remainder of AA5.
 - It will moderate the extent of rebalancing over the AA5 period so that the increase in residential fixed charges is no more than two per cent above the weighted average change in revenue to be recovered from distribution reference tariffs each year.
- New super off-peak tariffs:
 - It notes one consequence of recovering less of its costs in the middle of the day – due to a near zero super off-peak price – is that the off-peak, shoulder and on-peak prices are slightly higher, when compared to similar tariffs that do not have a super off-peak period. It notes this is to ensure that it can still recover the total efficient costs of providing services to end-users on the super off-peak tariffs and assist in retaining a sufficiently strong price differential between the super off-peak periods and other variable prices. It notes this also avoids the need for further increases in fixed charges.

As the ERA did not approve Western Power’s target revenue, the reference tariff change forecast and indicative 2023/24 prices submitted by Western Power on 18 January 2023 are out of date.

Western Power is required to submit its price list for the 2023/24 year to the ERA by 26 April 2023. It must also include an updated reference tariff change forecast for the remaining years of AA5. As part of this exercise, it will need to update its charging parameters (while ensuring customer numbers and total volumes are consistent with the AA5 demand forecast) and other factors such as inflation and changes to the gazetted TEC.

The ERA notes some of the increases in Western Power’s reference tariff change forecast submitted on 18 January 2023 are more than two per cent higher than the average increase in tariffs. This is contrary to its stated intention to endeavour to limit the increase in the average price of a tariff to no more than two per cent above the change that is required to recover target revenue. If Western Power includes such increases in its price list application it will need to provide sufficient evidence to justify such price increases.

For information, the ERA has updated the reference tariff change forecast for 2023/24 to take account of the final decision approved target revenue and actual inflation. The ERA has not taken account of any other potential changes Western Power may make in its price list application and the adjustment has been applied on a pro-rata basis.

| Tariff | Service | Average price change 23/24 % |
|--------|---|---------------------------------|
| RT1 | A1 – Anytime Energy (Residential) Exit Service | 1.3 |
| RT2 | A2 – Anytime Energy (Business) Exit Service | 2.7 |
| RT3 | A3 – Time of Use Energy (Residential) Exit Service | 12.6 |
| RT4 | A4 – Time of Use Energy (Business) Exit Service | 12.1 |
| RT5 | A5 – High Voltage Metered Demand Exit Service or C5 Bi-directional Service | 3.2 |
| RT6 | A6 – Low Voltage Metered Demand Exit Service or Bi-directional Service | 3.0 |
| RT7 | A7 – High Voltage Contract Maximum Demand Exit Service or C7 Bi-directional Service | 2.9 |

| Tariff | Service | Average price change 23/24 % |
|--------|--|---------------------------------|
| RT8 | A8 – Low Voltage Contract Maximum Demand Exit Service or Bi-directional Service | 3.2 |
| RT9 | A9 – Streetlighting Exit Service | 0 |
| RT10 | A10 – Unmetered Supplies Exit Service | 6.4 |
| RT11 | B1 – Distribution Entry Service | 12.8 |
| RT13 | C1 – Anytime Energy (Residential) Bi-directional Service | 1.1 |
| RT14 | C2 – Anytime Energy (Business) Bi-directional Service | 0.6 |
| RT15 | C3 – Time of Use (Residential) Bi-directional Service | 11.6 |
| RT16 | C4 – Time of Use (Business) Bi-directional Service RT16 | 12.4 |
| RT17 | A12 – 3 Part Time of Use Energy (Residential) Exit Service or C9 Bi-directional Service | 8.8 |
| RT18 | A13 – 3 Part Time of Use Energy (Business) Exit Service or C10 Bi-directional Service | 12.8 |
| RT19 | A14 – 3 Part Time of Use Demand (Residential) Exit Service or C11 Bi-directional Service | 2.1 |
| RT20 | A15 – 3 Part Time of Use Demand (Business) Exit Service or C12 Bi-directional Service | 4.5 |
| RT21 | A16 – Multi Part Time of Use Energy (Residential) Exit Service or C13 Bi-directional Service | 12.4 |
| RT22 | A17 – Multi Part Time of Use Energy (Business) Exit Service C14 or Bi-directional Service | 10.4 |
| RT34 | A19 – Super Off-peak Energy (Business) Exit Service or – C17 Bi-directional service | 0 |
| RT35 | A18 – Super Off-peak Energy (Residential) Exit Service or C16 – Bi-directional Service | 0 |
| RT36 | A21 – Super Off-peak Demand (Business) Exit Service or C19 – Bi-directional Service | 0 |
| RT37 | A20 – Super Off-peak Demand (Residential) Exit Service or C18 – Bi-directional Service | 0 |
| RT38 | C23 – LV Distribution Storage Bi-directional Service | 0 |
| RT39 | C24 – LV Distribution Storage Bi-directional Service | 0 |
| RT40 | A22 – LV EV Charging Exit Service or C20 – Low Voltage Electric Vehicle Charging Bi-directional Service | 0 |
| RT41 | A23 – HV EV Charging Exit Service or C21 – High Voltage Electric Vehicle Charging Bi-directional Service | 0 |
| TRT1 | A11 - Transmission Exit Service | 7.5 |
| TRT2 | B2 - Transmission Entry Service | 7.5 |
| TRT3 | C22 - Transmission Storage Service | 7.5 |
| | All tariffs | 6.8 |

Adopting a similar approach, the ERA has also updated Western Power’s residential and business indicative prices for 2023/24. In relation to the HV/LV and transmission tariffs, the ERA understands the increase for each tariff has generally been applied evenly across the various charging parameters.

| | Fixed charge c/day | Demand charge c/kVA/day | Metering charge | Anytime energy c/kWh | On-peak energy c/kWh | Shoulder energy c/kWh | Off-peak energy c/kWh | Overnight energy c/kWh | Super off-peak energy c/kWh |
|---|-----------------------|----------------------------|-----------------|-------------------------|-------------------------|--------------------------|--------------------------|---------------------------|--------------------------------|
| Residential | | | | | | | | | |
| RT1 Anytime Energy Exit | 96.519 | | 7.418 | 9.004 | | | | | |
| RT13 Anytime Energy Bi-directional | 96.519 | | 7.418 | 9.004 | | | | | |
| RT3 Time of Use Energy* | 96.519 | | 7.713 | | 17.602 | | 3.797 | | |
| RT15 Time of Use Bi-directional * | 96.519 | | 7.422 | | 17.602 | | 3.867 | | |
| RT17 3 Part Time of Use Energy * | 96.519 | | 13.414 | | 12.051 | 8.195 | 5.902 | | |
| RT21 Multi Part Time of Use * | 96.519 | | 13.414 | | 12.006 | 8.003 | 5.653 | 5.653 | |
| RT35 Super Off-peak Energy Exit and Bidirectional | 96.519 | | 7.418 | | 15.667 | 7.833 | 6.026 | | 0.102 |
| RT19 Time of Use Demand * | 96.519 | 5.838 | 13.414 | | 10.401 | 7.224 | 4.897 | | |
| RT37 Super Off-peak Demand Exit or Bidirectional | 96.519 | 5.838 | 7.418 | | 11.624 | 5.812 | 4.471 | | 0.102 |
| Business | | | | | | | | | |
| RT2 Anytime Energy Exit | 182.049 | | 7.830 | 12.119 | | | | | |
| RT14 Anytime Energy Bi-directional | 182.049 | | 7.830 | 12.119 | | | | | |
| RT4 Time of Use Energy Exit * | 333.276 | | 12.168 | | 18.811 | | 4.351 | | |
| RT16 Time of Use Bi-directional * | 333.276 | | 13.241 | | 18.811 | | 4.351 | | |
| RT18 3 Part Time of Use Energy Exit and Bidirectional * | 182.049 | | 13.414 | | 18.250 | 13.029 | 9.237 | | |
| RT22 Multi Part Time of Use Exit and Bidirectional * | 182.049 | | 13.414 | | 18.915 | 12.046 | 8.397 | 8.397 | 8.397 |
| RT34 Super Off-peak Energy Exit and Bidirectional | 182.049 | | 7.830 | | 19.514 | 9.752 | 7.508 | | 5.122 |

| | Fixed charge c/day | Demand charge c/kVA/day | Metering charge | Anytime energy c/kWh | On-peak energy c/kWh | Shoulder energy c/kWh | Off-peak energy c/kWh | Overnight energy c/kWh | Super off-peak energy c/kWh |
|--|-----------------------|----------------------------|-----------------|-------------------------|-------------------------|--------------------------|--------------------------|---------------------------|--------------------------------|
| RT20 Time of Use Demand Exit and Bidirectional * | 228.536 | | 13.414 | | 17.270 | 11.302 | 8.194 | | |
| RT36 Super Off-peak Demand Exit or Bidirectional | 333.276 | | 6.970 | | 17.639 | 8.820 | 6.781 | | 5.122 |
| RT9 Streetlights | 7.664 | | | 5.169 | | | | | |
| RT10 Unmetered | 61.495 | | | 4.966 | | | | | |

* These are transitional tariffs and will only be provided to existing end-users where the services were provided at the relevant connection point at the commencement of AA5 and those services continue from the commencement of AA5. The transitional tariffs are closed to new nominations.