



20 July 2016

Secretary
Lake Eucumbene Chamber of Commerce Inc.
2 Lette Street
Adaminaby NSW 2629

Dear Secretary

I'm writing to let you know that Essential Energy will need to move around 1,100 customers who have been identified as having energy consumption levels greater than 160MWh in the past twelve months, and who are currently incorrectly on either a basic block, or time of use, tariff, to a demand tariff from 1 July 2017. The change may impact customer groups that you represent.

The change is required to comply with a new Australian Energy Market Commission rule, and to ensure that all Essential Energy customers with similar consumption profiles and demands on the network pay similar prices.

Application of a demand tariff is likely to result in significant billing increases for the majority of these customers if their future energy consumption patterns remain the same. Billing increases may be further exacerbated by pricing changes that are likely to result from a direction by the Australian Competition Tribunal to the Australian Energy Regulator (AER) to remake its determination of Essential Energy's pricing during the 2014-19 regulatory period.

Additionally, Essential Energy will write to approximately 1000 customers who consume greater than 100MWh but less than 160MWh per annum and are currently incorrectly on a block tariff to advise them that they will be moved to a time of use tariff.

Please let me assure you that this tariff change is not aimed at increasing revenue for Essential Energy – our pricing is regulated to prevent cost over-recovery.

Essential Energy appreciates that any increase in electricity charges will be unwelcome. We aim to assist customers in managing tariff impacts by:

- providing extensive prior notice of the changes
- working with the AER, the Energy & Water Ombudsman NSW (EWON), Energy Consumers Australia (ECA) and other relevant consumer groups to assess the possibility of developing a transitional tariff for those customers who are worst affected by the changes, and
- exploring other potential hardship support measures.

As part of this process, we will offer opportunities in the coming weeks for consultation with you and other affected customers to discuss the tariff change and meter requirements in detail and to seek your feedback and suggestions about our tariff structures. Can you please register your interest in joining this consultation process by sending an email to networkpricing@essentialenergy.com.au? We will then contact you with further details.

In the meantime, if you or the groups you represent have any questions or concerns, please contact Essential Energy by e-mail via networkpricing@essentialenergy.com.au, or phone Catherine Waddell on (02) 6338 3553.

Yours sincerely

A handwritten signature in black ink that reads "Natalie Lindsay".

Natalie Lindsay
Manager Network Regulation