

2025-26 CECV Update

Explanatory Note

This explanatory note outlines our approach to the update of customer export curtailment values (CECVs) and emissions intensity profiles for the 2025-26 financial year. CECVs are used to help guide efficient levels of network expenditure for the provision of export services and serve as an input into network planning and investment.

The 2025-26 CECVs are based on the 2024-25 CECVs, with an adjustment to account for inflation using the latest available consumer price index (CPI) data. The only change to the emissions intensity profiles for the 2025-26 update is to remove the values for 2024-25.

About CECVs

On 12 August 2021, the Australian Energy Market Commission (AEMC) made a final determination on updates to the National Electricity Rules (NER) and National Energy Retail Rules (NERR) to integrate distributed energy resources (DER) more efficiently into the electricity grid.¹ The final rules required the AER to develop initial CECVs and a methodology to be used to calculate CECVs each year.²

CECVs represent the detriment to all customers from the curtailment of exports from DER, including consumer energy resources (CER) such as rooftop PV systems, due to network limitations.³ They can be used by distribution network service providers (DNSPs) to quantify the value of the export curtailment that is expected to be alleviated by a proposal (such as increasing DER hosting capacity) and as a means to economically justify an investment.

On 30 June 2022, we published the CECV methodology and initial CECV estimates.⁴ The methodology applies electricity market modelling to simulate the dispatch procedure of the national energy market (NEM) to estimate the marginal value of customer exports for every half-hour over twenty years (with the initial values commencing 2022-23). The CECV methodology details our approach to quantifying a subset of DER value streams, specifically the impact of incremental DER export on wholesale market production cost (avoided marginal generator short run marginal cost (SRMC)), accounting for transmission and distribution losses (from generation to the regional reference node) and approximating the impact of Frequency Control Ancillary Services (FCAS) requirements. The methodology also includes usage information on the DNSP model which is a tool for network businesses to estimate the benefit of the incremental DER export enabled by a project (available on request).

In late 2023, Energy Ministers agreed to amend the National Energy Laws to include an emissions reduction element into the national energy objectives.⁵ This change enables

¹ AEMC, [Access, pricing and incentive arrangements for distributed energy resources](#), 12 August 2021.

² NER rule 8.13.

³ Where customer export curtailment means reducing, tripping or otherwise limiting customer export.

⁴ AER, [Customer export curtailment value methodology: Final determination](#), 30 June 2022.

⁵ DCCEEW, [Incorporating an emissions reduction objective into the national energy objectives](#), 6 June 2023.

Australia's energy market bodies, including the AER, to explicitly consider emissions reduction in how they undertake their respective powers and functions.⁶ To account for this change, we also published the first emissions intensity profiles for each NEM region, estimating the emissions from generation displaced by consumer energy resources, alongside the July 2024 annual CECV update.

DNSPs may use these profiles in combination with CECVs to measure the expected reduction in system-wide emissions, at different points in time, for DER integration expenditure proposals.

An overview of the 2025-26 update

The CECV methodology requires us to update CECVs annually. It specifies two ways to update these values depending on whether the input assumptions under the Integrated System Plan's (ISP) Step change scenario have changed materially from the previous year.

- If there are material changes, we will re-estimate CECVs using the new assumptions and make subsequent changes to the DNSP model.
- If there are no material changes, we only update the CECVs to account for changes in inflation to ensure, in economic terms, real values of CECVs are maintained between CECV reviews.

Assessment of material change

The inputs assessed in the 2025-26 CECV update were based on the latest available datasets used by AEMO when modelling the ISP, sourced from:

- Draft 2025 Inputs, Assumptions and Scenarios Report 'Step change' scenario.⁷
- Generating unit expected closure year report.
- The Electricity Statement of Opportunities.

In the 2024-25 CECV update, inputs were based on those used in AEMO's Draft 2024 ISP.

There are some differences in the underlying inputs compared to those used for the 2024-25 CECVs, with some inputs increasing, some decreasing and others remaining stable. For example, to some extent higher fuel price forecasts could put upwards pressure on CECVs, while weaker energy consumption and maximum demand forecasts could put downwards pressure on CECVs. Table 1 summarises the estimated impact of each input change on CECVs. Plant commitment and retirement schedules are not referenced in the table as the input remains unchanged. On balance, we do not consider the changes to the inputs to be material or likely to materially impact CECVs if they were remodelled.

⁶ DCCEE, [Incorporating an emissions reduction objective into the national energy objectives: Information paper](#), May 2023, page 3.

⁷ AEMO, [Draft 2025 Input, Assumptions and Scenarios Report Stage 1](#), 11 December 2024.

Table 1: Summary of the impact of each input assumption change on CECVs

Changes in AEMO input assumptions	Impact on CECVs
Higher fuel prices	<p>While there is a potential for CECVs to increase, we do not consider this impact material. DNSPs will likely address network constraints during periods of high solar generation when fuel costs are less of a factor.</p> <p>Additionally, many coal generators are expected to exit the market in the 2030's, moderating the impact. Potential increases in CECVs due to higher fuel prices would also be offset by changes in other inputs which have downward pressure on CECVs.</p>
Lower new entrant capital costs for battery energy storage systems (BESS) and higher new entrant capital costs for variable renewable energy (VRE)	<p>We do not consider the impact on CECVs would be material as the increase in VRE (which increases CECVs) largely offsets the reduction in BESS (which decreases CECVs during daylight periods).</p>
Lower energy consumption and maximum demand forecast	<p>While there is a potential for CECVs to decrease, we do not consider this impact will likely be material. Higher fuel prices will also likely offset the downward pressure on CECVs from this and other inputs.</p>
Lower virtual power plant take-up	<p>While there is a potential for CECVs to decrease, we do not consider this impact will likely be material. Higher fuel prices will also likely offset the downward pressure on CECVs from this and other inputs.</p>
Limited number of new state renewable energy policies	<p>Two announcements regarding NSW Renewable Energy Zone Access Schemes were made; however, these are already reflected in AEMO's forecast generation mix.</p> <p>While South Australia's announcement to legislate a target of net 100% renewable energy generation by the end of 2027 could reduce CECVs, we do not consider this impact material since SA already has 2030 target in place.</p>

The update process for 2025-26 CECVs

We have updated this year's CECVs to reflect changes in inflation in accordance with the CECV methodology (Appendix A). This was done by applying the Australian Bureau of Statistics' annual CPI inflation of 2.4% for the twelve months to March 2025 to the 2024-25 CECVs.⁸

Additionally, we have not updated the emissions intensity profiles, aside from removing the values for financial year 2024-25. This is because the emission intensity profiles are estimated using the same model and inputs assumptions as CECVs.

As outlined above, we did not identify any changes in those inputs that are material or would have a material impact on CECVs that required re-running the model. We also consider this analysis indicates it is unlikely emission intensity profiles would materially change if the CECV model was re-run.

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⁸ ABS, Catalogue number 6401.0, Consumer price index, Australia.