

21 July 2025

Clare Savage
Chair
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Jemena Electricity
Networks (Vic) Ltd
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Dear Ms. Savage,

Notice to withdraw Jemena Electricity Networks' 2021-26 electricity distribution price review determination reopener application

On 15 October 2024, Jemena Electricity Networks (Vic) Ltd. (**JEN**) applied to the Australian Energy Regulator to reopen its 2021-26 electricity distribution price review determination (**application**). This application was made in response to an unprecedented level of unforeseen major customer connections—mostly data centres—connecting to the JEN electricity distribution network.

To connect these customers, we forecast that we would significantly overspend our 2021-26 capital expenditure allowance. This application was developed following numerous meetings with AER staff to explore ways to address the Capital Efficiency Sharing Scheme (**CESS**) penalties and to mitigate the shortfall in tax allowance to cover Jemena's tax liabilities.

We prepared our application in good faith, based on our best estimate of forecast capital expenditure at the time. The timing of our application was driven by the National Electricity Rule requirement to submit at least 90 business days before the end of the final regulatory year of the 2021-26 regulatory control period.

Since submitting our application, many of our data centre customers have reapproached us, seeking even larger connections than those contemplated in our application. As a result, we have recommenced negotiations, which has delayed contract commencements. While we still expect these projects to proceed and have entered into Early Works Agreements with numerous customers, much of the expenditure will now fall into the next regulatory control period. We therefore wish to withdraw our application.

Notwithstanding these developments, this process has highlighted the significant challenges distribution businesses such as JEN face in a rapidly changing energy market. Businesses acting in good faith to meet their regulatory obligations should not be penalised under the regulatory framework. To this effect, we support the AER's current review of the CESS guideline to adjust for connections capital expenditure.

One of our key concerns remains the inadequate tax allowance for the 2021-26 determination. We propose to address this gap by amending our connection charges policy for the 2021-26 period to recover the tax attributable to a connecting

customer's capital contribution from the connecting customer. We request the AER's endorsement of this policy change.

We wish to express our gratitude to the AER Board and staff as we have worked through these complex regulatory issues and seek to continue these engagements as we continue connecting data centre customers into the 2026-31 regulatory control period.

If you have any questions in relation to this withdrawal request, please contact Ana Dijanosic (General Manager Regulation) for further information.

Kind Regards,

David Gillespie
Managing Director