

Victorian Electricity Distribution Revenue Determinations (2026-31)

AusNet, Jemena, CitiPower, Powercor, United Energy

Pre-determination conference

Acknowledgement of Country

Jarrold Ball

AER Board Member

AER welcome and introductions

Jarrold Ball

AER Board Member

Agenda

Welcome and Acknowledgment of country	Jarrold Ball, AER Board member
Context for draft decisions	Jarrold Ball, AER Board member
Draft decision outcomes	Kris Funston, AER Executive General Manager, Network Regulation
AusNet Services - Reflections and next steps	Charlotte Eddy, General Manager, Strategy and Regulation (Distribution)
Jemena Electricity Networks - Reflections and next steps	Ana Dijanosic, General Manager, Regulation
CitiPower, Powercor, United Energy - Reflections and next steps	Renate Vogt, Executive General Manager, Regulation
Facilitated discussion	Kris Funston, AER Executive General Manager, Network Regulation
Closing remarks, how to make submissions	Jarrold Ball, AER Board member

Context for draft decisions

Jarrold Ball
AER Board Member



The regulatory framework guides our decisions in the long-term interests of consumers

- The National Electricity Law (NEL) and National Electricity Rules (NER) provide the regulatory framework under which we determine the revenue requirement for distribution and transmission businesses
- We must make our decisions in a manner that will, or is likely to, deliver efficient outcomes in terms of the price, quality, safety, reliability and security of electricity supply that will benefit consumers in the long term
- Our decisions must also consider targets for reducing Australia's greenhouse gas emissions, as required under the National Electricity Objective (NEO)
- Consumer support is an important part of our assessment
- Where consumers have been engaged on the outcomes DNSPs seek to achieve, our role is to now carefully assess the prudence and efficiency of the expenditure they have submitted to us is necessary to deliver them

We are focused on efficient investment to deliver a safe, reliable and resilient network that meets consumer needs

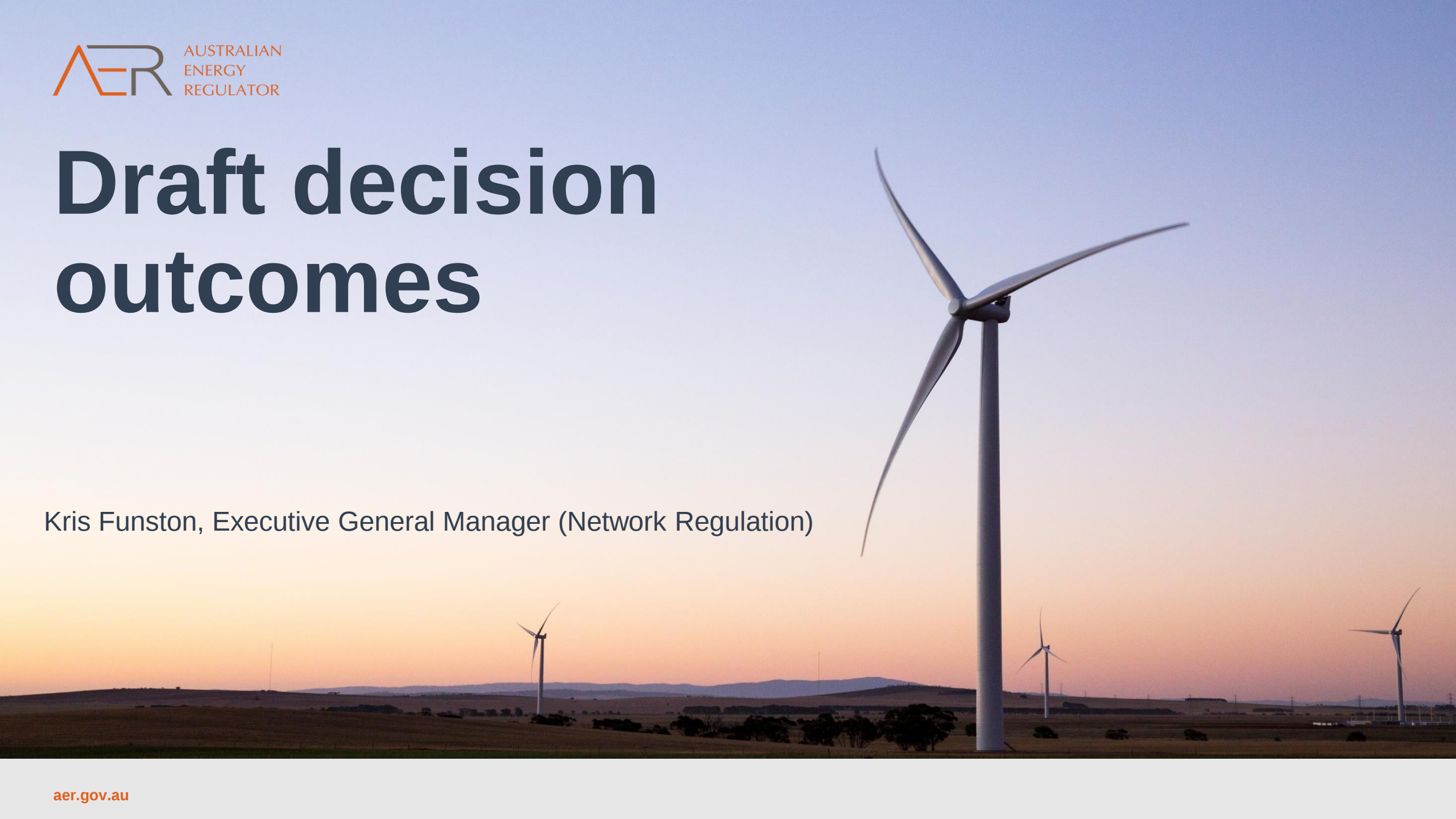
- Network costs are rising across the National Electricity Market (NEM)
 - The network is getting older
 - Input costs are rising
 - Digitalization is increasing the risk of cyber-attacks
 - The system is adapting to climate change; more Consumer Energy Resources (CER) such as rooftop solar, batteries; electric vehicle charging; and large, new loads such as data centres
- Broader economic pressures like higher interest rates and inflation are also pushing costs up compared with the last 5-year period
- In Victoria, the energy market is undergoing a complex transition
 - Emissions reduction targets and the transition to net zero, now reflected in the NEO, are driving changes in household and commercial energy use.
 - to incentives to move away from gas appliances, and the electricity grid is now a two-way system as rooftop solar and batteries play a larger role in supply and demand
 - Victorian government reviews into electricity distribution network resilience, outage planning and operational responses
- Reliability, resilience and safety are key to supporting greater electrification of homes and business, and the growing role of CER

Key areas of focus for revised proposals

- We support targeted, prudent and efficient expenditure by electricity DNSPs where it is necessary to support this transition.
- We expect high quality proposals that reflect consumer preferences and are also supported by rigorous analysis.
- Our draft decisions outline several areas in which proposals have not yet met our expectations, and in which further supporting information and analysis will be required in revised proposals.
- Final decision outcomes may differ as a result.
- We also expect proposals to look beyond capital and operating expenditure (capex, opex) solutions in considering how to manage the transition.
- Our draft decisions recognise that DNSPs must use all levers at their disposal to ensure customers are paying no more than necessary.
- Tariff reform to better optimise utilisation of existing networks is key to this.

Draft decision outcomes

Kris Funston, Executive General Manager (Network Regulation)



Standard control services revenue (\$nominal, smoothed)

	AusNet	Jemena	CitiPower	Powercor	United Energy
Proposal	\$4,990.7 m	\$1,988.5 m	\$2,077.6 m	\$5,495.9 m	\$3,020.7 m
Draft decision	\$4,428.3 m	\$1,727.8 m	\$1,964.9 m	\$4,955.9 m	\$2,785.7 m
Difference \$	- \$562.5 m	- \$260.7m	- \$112.7 m	- \$540.0 m	- \$234.9 m
Difference %	- 11.3%	- 13.1%	- 5.4%	- 9.8%	- 7.8%

Capital expenditure (capex) (\$2025-26)

	AusNet	Jemena	CitiPower	Powercor	United Energy
Proposal	\$3,496 m	\$1,366.3 m	\$1,216.3 m	\$3,644.9 m	\$1,399.3m
Draft decision	\$1,701.4 m	\$843.3 m	\$882.2 m	\$2,696.9 m	\$1,045.7 m
Difference \$	-\$1,794.6 m	- \$523 m	- \$334.1 m	- \$948 m	- \$353.6 m
Difference %	-51.3%	-27.5%	-27.5%	-26.0%	-25.3%

Operating expenditure (opex) (\$2025-26)

	AusNet	Jemena	CitiPower	Powercor	United Energy
Proposal	\$1,700.3 m	\$615.2 m	\$586.1 m	\$2,195.8 m	\$990.8 m
Draft decision	\$1,504.2 m	\$564.7 m	\$524.4 m	\$1,824.2 m	\$861.8 m
Difference \$	- \$196.1 m	- \$50.4 m	- \$61.7 m	- \$371.6 m	- \$129.1 m
Difference %	- 11.5%	- 8.2%	- 10.6%	- 16.9%	- 13%

Tariff structure statements (TSS)

- Victorian DNSPs have made some progress on sending cost reflective price signals through retailers to shift usage out of peak times and into low-cost periods of the day
 - This includes proposing “solar soak” (very low priced) periods in the middle of the day
- We are not convinced that they have done all they can to use tariffs to encourage efficient use of their networks
- Draft decisions:
 - encourage DNSPs to reflect further on assumptions of no consumer response to small customer tariffs in its demand forecasts
 - emphasise the capacity for well-designed network tariffs to shift *future* demand growth out of peak periods and into low/minimum demand periods
 - engage further with stakeholders, including retailers, on the benefits of assigning small customers to cost reflective tariffs in the 2026–31 period where they can benefit from low off-peak rates
 - seek further explanation of the interrelationship between tariff strategies and wider proposals (including demand forecasts and proposed expenditure) in revised proposals.

Metering revenue (\$nominal, smoothed)

	AusNet	Jemena	CitiPower	Powercor	United Energy
Proposal	\$221.3 m	\$150.1 m	\$105.7 m	\$330.2 m	\$192.5 m
Draft decision	\$213.1 m	\$125.3 m	\$97.4 m	\$302.6 m	\$174.1 m
Difference \$	- \$8.3 m	- \$24.8 m	- \$8.3 m	- \$27.6 m	- \$18.4 m
Difference %	- 3.7%	- 16.5%	- 7.8%	- 8.4%	- 9.6%

Next Steps

Milestone	Date
Regulatory proposals submitted to the AER	31 January 2025
AER published issues papers	28 March 2025
AER held a public forum	1 April 2025
Submissions on regulatory proposals closed	14 May 2025
AER published draft determination decisions	30 September 2025
 AER holds a pre-determination conference	14 October 2025
Revised regulatory proposals submitted to AER	1 December 2025
Submissions on draft determinations and revised proposals close	19 January 2026
Final decisions	April 2026

AusNet

Reflections and next steps

Charlotte Eddy, General Manager, Strategy and Regulation
(Distribution)

Jemena

Reflections and next steps

Ana Dijanosic, General Manager, Regulation

CitiPower, Powercor and United Energy Reflections and next steps

Renate Vogt, Executive General Manager, Regulation

Facilitated Discussion

Kris Funston
Executive General Manager (Network Regulation)



Submission details

- We invite interested parties to make submissions on the Draft Decisions and Revised Proposals by **5pm AEDT, 19 January 2026**.
- We encourage early submissions, where possible, to inform the next phase of consultation.
- Submissions should be emailed to vic2026@aer.gov.au

