



# Jemena Electricity Networks (Vic) Ltd

## 2026-31 Electricity Distribution Price Review Revised Proposal

Attachment 04-01

Response to the AER's draft decision - Classification of services



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## Glossary

current regulatory period	The regulatory control period covering the 1 Jul 2021 to 30 Jun 2026 period.
next regulatory period	The regulatory control period covering the 1 Jul 2026 to 30 Jun 2031 period.

## Abbreviations

JEN	Jemena Electricity Networks (Vic) Ltd
NER, Rules	National Electricity Rules
AER	Australian Energy Regulator's
DNSP	Distribution Network Service Provider
F&A	Framework and Approach
NMI	National Metering Identifiers
SAPS	Stand Alone Power System

## Overview

Jemena Electricity Networks (Vic) Ltd (**JEN**) is regulated in accordance with the National Electricity Rules (**NER, Rules**). Under these Rules, our services are classified into groups largely informed by the degree of competition for providing these services. The classification is also shaped by the process outlined in the Australian Energy Regulator's (**AER**) Electricity Distribution Service Classification Guideline.<sup>1</sup>

The AER process for classifying services is undertaken in several steps as outlined in the NER. The first step considers:

- whether a service is a distribution service
- the form of regulation (if any) previously applicable to the relevant service or services and
- the desirability of consistency in the form of regulation.

If the AER determines that a service should be regulated under the first step, it will then undertake a further review by considering the following factors<sup>2</sup>:

- the potential for the development of competition in the relevant market and how the classification might influence that potential
- the possible effects of the classification on administrative costs of the AER, the distribution network service provider (**DNSP**) and users or potential users
- the regulatory approach (if any) applicable to the relevant service immediately before the commencement of the distribution determination for which the classification is made
- the desirability of a consistent regulatory approach to similar services (both within and beyond the relevant jurisdiction)
- the extent to which the costs of providing the relevant service are directly attributable to the person to whom the service is provided.

The NER requires us to propose how our distribution services should be classified.<sup>3</sup> To support our regulatory proposal, we considered the AER's preferences for classifying services outlined in its final Framework and Approach (**F&A**) for the 2026-31 regulatory control period.<sup>4</sup>

The AER determined that the F&A developed for Victorian DNSPs for the 2021-26 regulatory control period (**current regulatory period**) published in January 2019, which guided the final decisions on distribution determinations for that period made in April 21, required review.<sup>5</sup> The significant transition in the energy market and the rules, schemes and guidelines under which the AER regulate electricity networks, confirmed the need for the review to amend or replace F&As for the Victorian DNSPs.

The proposed services groupings and classifications in the initial proposal we submitted to the AER in January 2025 are consistent with the distribution services classification outlined in the AER's final F&A decision for the 2026-31 regulatory control period (**next regulatory period**). We consider that consistency with the AER's proposed classifications provides customers and stakeholders with confidence that prices and charges for our common distribution services and alternative control services will continue to be directly regulated by the AER.

This attachment outlines our response to the AER's draft decision and our revised regulatory proposal for the next regulatory period.

<sup>1</sup> AER, *Electricity Distribution Service Classification Guideline*, August 2022.

<sup>2</sup> NER cl 6.2.2(c).

<sup>3</sup> NER cl 6.8.2(c)(1).

<sup>4</sup> AER, *Framework and approach AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31*, July 2024.

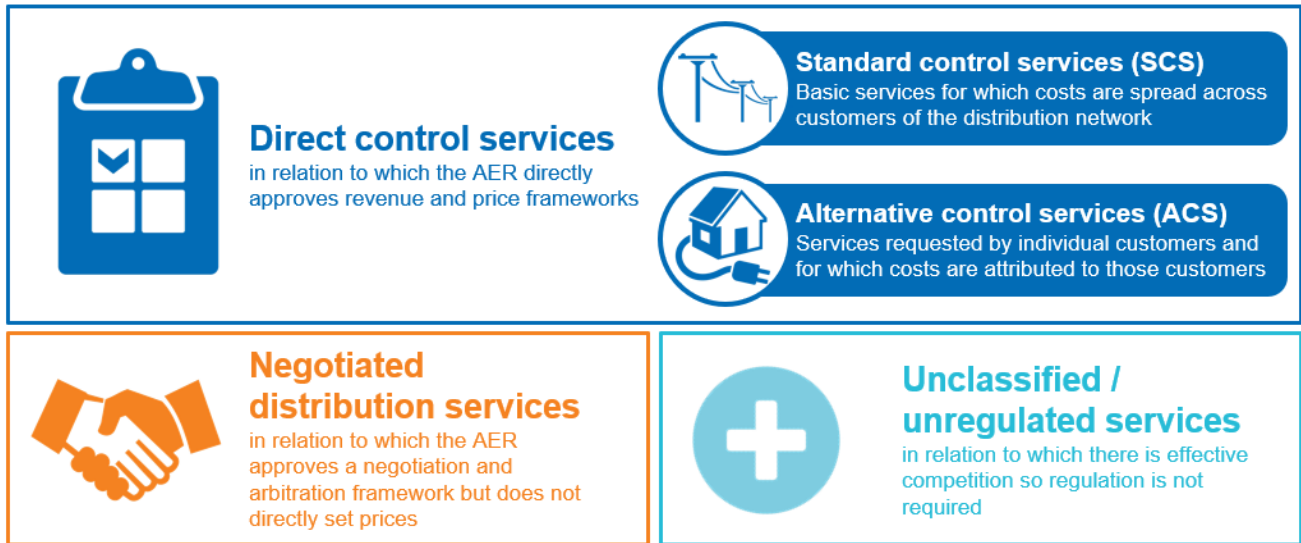
<sup>5</sup> AER, *Replacement of framework and approach papers AusNet Services, CitiPower, Jemena, Powercor, United Energy 1 July 2026 – 30 June 2031*, December 2023.

# 1. Classification of distribution services

When making a price reset determination in accordance with Chapter 6 of the NER, the AER classifies the services provided by DNSPs. The broad categories of services outlined in the NER are depicted in Figure 1–1 below. These services are categorised between those provided in competitive markets and those that are regulated where competition does not exist.

For regulated services (also known as direct control services), the AER further categorises services into Standard Control Services and Alternative Control Services.

**Figure 1–1: Classification of services and the services provided by JEN**



The AER publishes a Framework and Approach (F&A) paper ahead of making its ex-ante price reset determination for a DNSP. In this paper, the AER classifies the services after consulting with customers and other stakeholders.

## 1.1 JEN's initial regulatory proposal

The proposed services classification in our initial regulatory proposal is consistent with the distribution services classification outlined in the AER's Final F&A. We outline our approach to classifying services in Appendix A–1 below.

## 1.2 Draft decision

The AER must accept the service classification as outlined in the F&A and can only depart if it identifies a material change. In its draft decision, the AER adopted the service classification from the F&A and identified one material change warranting a variation to the service classification for the next regulatory period.<sup>6</sup>

### 1.2.1 Additional Service Classification

In its draft decision, the AER identified a material change warranting the classification of a new service. This service is:

*Distribution asset rental: Rental of distribution assets (e.g. poles) to third parties for the installation of electric vehicle (EV) chargers or associated hardware*

<sup>6</sup> AER - Attachment 11 - Service classification - Draft decision - AusNet Services, Jemena, CitiPower, Powercor and United Energy distribution determinations 2026-31 - September 2025, p.1.

In determining the materiality of events, the AER note:

*we have seen widespread emergence of third-party interest in using DNSP-owned infrastructure as a host for non-DNSP equipment. Particular concerns have been raised by prospective providers of commercial kerbside EV chargers with their ability to rent DNSPs' kerbside poles as a 'host' for EV charging infrastructure. These include the variability, transparency and fairness of access pricing and other terms of pole leasing arrangements. Together these have created a step change in the materiality and relevance of accessing distribution asset rental services*

JEN anticipates strong growth in electric vehicles—as depicted in our demand forecast—and which may be charged via kerbside infrastructure.

In the draft decision, the AER has classified the new *Distribution asset rental* service as a negotiated service.

### 1.3 Revised proposal

JEN accepts the AER's service classification in the draft decision. However, we are concerned about classifying the *Distribution asset rental* as a negotiated service on the grounds that Jemena—as a Distribution Network Service Provider—is unable to provide negotiated services due to ring-fencing constraints.

In the draft decision, the AER notes that the service:

*can be provided by part of the DNSP's business that is classified as a related electricity service provider<sup>7</sup>*

However, negotiated services under the Negotiation Framework are provided by the DNSP and not the Related Electricity Service Provider.

We seek clarity on this point and ring-fencing obligations in the AER's final decision.

For all other services classified, we provide a summary in Appendix A–1, which aligns with those in the F&A, our initial regulatory proposal and the AER's draft decision.

<sup>7</sup> AER - Attachment 11 - Service classification - Draft decision - AusNet Services, Jemena, CitiPower, Powercor and United Energy distribution determinations 2026-31 - September 2025, p.6.

# **Appendix A**

## **Proposed classification of distribution services for the next regulatory period**



## A1. Proposed classification of distribution services for the next regulatory period

**Table A1- 1: JEN's proposed service classification of distribution services for the next regulatory period**

Service group	Service description	Final F&A	JEN position
<b>Common distribution service - use of the distribution network for the conveyance/flow of electricity (including the services relating to network integrity)</b>			
Common distribution service	<p>Common distribution service includes a suite of activities related to the provision of safe and reliable electricity to customers. These activities are related to the distribution network infrastructure and systems that support the shared use of the network by customers. They include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>the planning, design, repair, maintenance, construction and operation of the distribution network</li> <li>works to fix damage to the network<sup>8</sup> and recoverable works to fix damage caused by a customer or third party</li> <li>support for another network during an emergency event</li> <li>procurement and provision of network demand management activities for distribution purposes</li> <li>activities related to 'shared asset facilitation' of distribution network service provider (DNSP) assets<sup>9</sup></li> <li>emergency disconnect for safety reasons and work conducted to restore a failed component of the distribution system to an operational state upon investigating a customer outage</li> <li>establishment and maintenance of National Metering Identifiers (NMI's) in market and/or network billing systems, and other market and regulatory obligations</li> <li>ongoing inspection of private electrical networks (not part of the shared network) required under legislation for safety reasons<sup>10</sup></li> <li>supply abolishment of basic connection</li> <li>customer safety information, e.g. 'dial before you dig' services</li> <li>bulk supply point metering - activities relating to monitoring the flow of electricity through the distribution network</li> <li>third party initiated network asset relocations/re-arrangements, including under the Victorian Electricity Distribution Code of Practice<sup>11</sup></li> <li>transmission network support</li> </ul>	Standard control	Standard control

<sup>8</sup> May include the provision of temporary stand-alone power systems to restore supply.

<sup>9</sup> Revenue for these services is charged to the relevant third party and is treated in accordance with the shared asset guideline. 'Shared asset facilitation' refers to administrative costs. It does not refer to the costs associated with providing the unregulated service itself.

<sup>10</sup> The *Electricity Safety Act 1998*, s 113F, requires Vic DNSPs to inspect overhead private electric lines.

<sup>11</sup> This classification applies where a customer contribution is calculated and applied in accordance with the Victorian Essential Services Commission (ESCV) Guideline 14 or where a customer contribution is calculated and applied in accordance with any other relevant Victorian legislation or regulation, including regulations made under the National Electricity (Victoria) Act, 2005. The party requesting such works under this classification must pay the net cost of the works, subject to any rebates specified in Guideline 14 or by any other relevant Victorian legislation or regulation.

Service group	Service description	Final F&A	JEN position
	<ul style="list-style-type: none"> <li>the relocation of assets that form part of the distribution network, but not relocations requested by a third party (including a customer)</li> <li>use of dynamic network capacity management capabilities (including communication of import and export limits) for distribution purposes</li> <li>training internal staff and contractors undertaking direct control services</li> <li>investigation of customer-reported network faults</li> <li>rectification of simple customer faults where: <ul style="list-style-type: none"> <li>the need for rectification work is discovered in the course of the provision of distribution services</li> <li>the work performed is the minimum required to restore safe supply</li> <li>the work can be performed in less than thirty minutes and does not normally require a second visit</li> </ul> </li> <li>work related to a regulated stand-alone power system (<b>SAPS</b>) deployment, operation and maintenance (including fault and emergency repairs),<sup>12</sup> and customer conversion activities.</li> <li>Provision of basic electricity distribution network data, including data that is provided in accordance with legislative obligations, standardised or automated data sets.</li> </ul>		
Mandatory provision of essential system services	<p>Activities include:</p> <ul style="list-style-type: none"> <li>interruption or curtailment of generation of embedded generating units connected to the distribution system at AEMO's direction to manage minimum system load risks, as part of Victoria's Emergency Backstop Mechanism</li> <li>interruption or disconnection of supply to premises at AEMO's direction to manage under-frequency load risks</li> <li>other activities required to provide mandatory essential system services.</li> </ul>	Standard control	Standard control
<b>Network ancillary services – customer and third party-initiated services related to common distribution services</b>			
Access permits, oversight and facilitation	<p>Activities include:</p> <ul style="list-style-type: none"> <li>a DNSP issuing access permits or clearances to work to a person authorised to work on or near distribution systems including high and low voltage</li> <li>a DNSP issuing confined space entry permits and associated safe entry equipment to a person authorised to enter a confined space</li> <li>a DNSP providing access to switch rooms, substations and other network equipment to a non-DNSP party who is accompanied and supervised by a DNSP's staff member. May also include a DNSP providing safe entry equipment (fall-arrest) to enter difficult access areas</li> <li>specialist services (which may involve design related activities and oversight/inspections of works) where the design or construction is non- standard, technically complex</li> </ul>	Alternative control	Alternative control (quoted)

<sup>12</sup> Includes simple customer fault rectification on generation service of regulated SAPS.

Service group	Service description	Final F&A	JEN position
	<p>or environmentally sensitive and any enquiries related to DNSP assets</p> <ul style="list-style-type: none"> <li>• facilitation of generator connection and operation of the network</li> <li>• facilitation of activities within clearances of a DNSP's assets, including physical and electrical isolation of assets.</li> </ul>		
Sale of approved materials or equipment	Includes the sale of approved materials/equipment to third parties for connection assets that are gifted back to the DNSP to become part of the shared distribution network.	Alternative control	Alternative control (quoted)
Notices of arrangement and completion notices	<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Work of an administrative nature where a local council requires evidence in writing from the distributor that all necessary arrangements have been made to supply electricity to a development. This includes but is not limited to receiving and checking subdivision plans, copying subdivision plans, checking and recording easement details, site visits, assessing supply availability, liaising with developers if errors or changes are required and preparing notifications of arrangement.</li> <li>• Provision of a completion notice (other than a notice of arrangement). This applies where the DNSP is requested to provide documentation confirming progress of work. Usually associated with discharging contractual arrangements (e.g. progress payments) to meet contractual undertakings.</li> </ul>	Alternative control	Alternative control (quoted)
Network related property services	<p>Activities include:</p> <ul style="list-style-type: none"> <li>• network related property services such as property tenure services relating to providing advice on, or obtaining: deeds of agreement, deeds of indemnity, leases, easements or other property tenure in relation to property rights associated with a connection or relocation</li> <li>• conveyancing inquiry services relating to the provision of property conveyancing information at the request of a customer.</li> </ul>	Alternative control	Alternative control (quoted)
Network safety services	<p>Examples include:</p> <ul style="list-style-type: none"> <li>• provision of traffic control services by the DNSP or third party where required</li> <li>• fitting of tiger tails, possum guards and aerial markers</li> <li>• high load escorts</li> <li>• site visit relating to location of underground cables/assets</li> <li>• third party request for de-energising wires for safe approach.</li> </ul>	Alternative control	Alternative control (quoted)
Customer requested network outage or rescheduling	<p>Examples include:</p> <ul style="list-style-type: none"> <li>• customer initiated network outage (e.g., to allow customer and/or contractor to perform maintenance on the customers assets, work close or for safe approach)</li> </ul>	Alternative control	Alternative control (quoted)

Service group	Service description	Final F&A	JEN position
of a planned interruption	<ul style="list-style-type: none"> <li>where the customer requests to move a distributor planned interruption and agrees to fund the additional cost of performing this distribution service outside of normal business hours.</li> </ul>		
Inspection and auditing services	<p>Services include:</p> <ul style="list-style-type: none"> <li>inspection and reinspection by a DNSP, of gifted assets or assets that have been installed or relocated by a third party</li> <li>investigation, review and implementation of remedial actions that may lead to corrective and disciplinary action of a third-party service provider due to unsafe practices or substandard workmanship</li> <li>auditing and inspection of a third-party service provider's work practices in the field</li> <li>re-test at a customer's installation, where the installation fails the initial test and cannot be connected or has been disconnected for more than 12 months or for safety reasons</li> <li>customer or third party-requested inspection of privately owned low voltage or high voltage network, infrastructure (i.e., privately owned distribution infrastructure before the meter.)</li> </ul>	Alternative control	Alternative control (quoted)
Provision of training to third parties for network related access	<p>Training services provided to third parties that result in a set of learning outcomes that are required to obtain a distribution network access authorisation specific to a DNSP's network. Such learning outcomes may include those necessary to demonstrate competency in the DNSP's electrical safety rules, to hold an access authority on the DNSP's network and to carry out switching on the DNSP's network. Examples of training might include high voltage training, protection training or working near power lines training.</p>	Alternative control	Alternative control (quoted)
Authorisation and approval of third party service providers design, work and materials	<p>Activities include:</p> <ul style="list-style-type: none"> <li>authorisation or re-authorisation of individual employees and subcontractors of third party service providers and additional authorisations at the request of the third party service providers (excludes training services)</li> <li>acceptance of third party designs and works</li> <li>assessing an application from a third party to consider approval of alternative material and equipment items that are not specified in the DNSP's approved materials list.</li> </ul>	Alternative control	Alternative control (quoted)
Security lights	<p>Operation and maintenance of security lights mounted on a distribution equipment used for security services, e.g. watchman lights.</p> <p>Note: excludes connection services</p>	Alternative control	Alternative control (fee based)
Provision of non-basic electricity network data	<p>Data requests by customers or third parties for network data beyond the scope of Standard Control Service provision, including:</p>	Alternative control	Alternative control (quoted)

Service group	Service description	Final F&A	JEN position
	<ul style="list-style-type: none"> <li>Data requests by customers or third parties including requests for the provision of electricity distribution network data or consumption data outside of legislative obligations</li> <li>Customer or third-party requests for assistance to understand or interpret data, or to identify the data they require to meet their needs.</li> </ul>		
Third party funded network alterations or other improvements	Alterations or other improvements to the shared distribution network to enable third party infrastructure (e.g. telecommunications assets) to be installed on the shared distribution network. This does not relate to undergrounding or upstream distribution network augmentation.	Alternative control	Alternative control (quoted)
Community network upgrades	Collective customer requested network enhancement. Activities related to community requests to augment the network to enable higher PV exports.	Alternative control	Alternative control (quoted)
<b>Metering Services - activities relating to the measurement of electricity supplied to and from customers through the distribution system (excluding network meters)</b>			
Type 1 to 4 metering services	Type 1 to 4 metering installations <sup>13</sup> and supporting services are competitively available.	Unregulated	Unregulated
Types 5 and 6 meter (including smart metering) services where the DNSP remains responsible	Metering services include: <ul style="list-style-type: none"> <li>recovery of the capital cost of type 5 and 6 metering equipment<sup>14</sup> including communications network (including meters with internally integrated load control devices)</li> <li>testing, inspecting, investigating, maintaining or altering existing type 5 or 6 metering installations or instrument transformers</li> <li>quarterly or other regular reading of a metering installation</li> <li>metering data services that involve the collection, processing, storage and delivery of metering data, the provision of metering data, remote or self-reading at difficult to access sites, and the management of relevant NMI Standing Data in accordance with the NER.</li> </ul>	Alternative control	Alternative control
Auxiliary metering services (Type 5 to 7 (including smart meter) where the DNSP remains responsible)	Services include: <ul style="list-style-type: none"> <li>requests to test, inspect and investigate, or alter an existing type 5 or 6 metering installation</li> <li>testing and maintenance of instrument transformers for type 5 and 6 metering purposes</li> <li>non-standard metering services for Type 5 to 7 meters and any other meter types introduced</li> <li>works to re-seal a type 5 or 6 meter due to customer or third party action (e.g., by having electrical work done on site)</li> <li>change DNSP load control relay channel on request that is not a part of the initial load control installation, nor part of standard asset maintenance or replacement</li> <li>remote de-energisation and re-energisation</li> <li>remote meter configuration</li> </ul>	Alternative control	Alternative control (fee-based)

<sup>13</sup> Includes the instrument transformer, as per the definition of a 'metering installation' in Chapter 10 of the NER.

<sup>14</sup> Includes the instrument transformer, as per the definition of a 'metering installation' in Chapter 10 of the NER.

Service group	Service description	Final F&A	JEN position
	<ul style="list-style-type: none"> <li>remote special meter read</li> <li>field based special meter read</li> <li>metering exit services</li> </ul>		
Type 7 metering services	Administration and management of type 7 metering installations in accordance with the NER and jurisdictional requirements. Includes the processing and delivery of calculated metering data for unmetered loads, and the population and maintenance of load tables, inventory tables and on/off tables.	Alternative control	Alternative control (fee-based)
<b>Connection Services - services relating to the electrical or physical connection of a customer to the network</b>			
Basic connection services	<p>Provision of a connection service<sup>15</sup> related to a connection (or a proposed connection) between a distribution system and a retail customer's premises (excluding a non-registered embedded generator's premises) in the following circumstances:</p> <ul style="list-style-type: none"> <li>a) either: <ul style="list-style-type: none"> <li>– the retail customer is typical of a significant class of retail customers who have sought, or are likely to seek, the service or</li> <li>– the retail customer is, or proposes to become, a micro embedded generator, and</li> </ul> </li> <li>b) the provision of the service involves minimal or no augmentation of the distribution network and</li> <li>c) a model standing offer has been approved by the AER for providing that service as a basic connection service.</li> </ul>	Alternative control	Alternative control (fee-based)
Standard connection service	Provision of a connection service (other than a basic connection service) for a particular class (or sub-class) of connection applicant and for which a model standing offer has been approved by the AER.	Standard control	Standard control
Negotiated connection service	<p>Connection services (other than a basic connection service) for which a DNSP provides a connection offer for a negotiated connection contract.</p> <p>This includes connections under Chapter 5 of the NER.</p>	Standard control	Standard control
Connection application and management services	<ul style="list-style-type: none"> <li>Connection application related services</li> <li>Works initiated by a customer or retailer that are specific to the connection point. This includes, but is not limited to: <ul style="list-style-type: none"> <li>– field based de-energisation and re-energisation</li> <li>– non basic supply abolishment or reposition non-basic connection</li> <li>– temporary connections (e.g., for builder's supply, fetes etc.)</li> <li>– overhead service line replacement – customer requests the existing overhead service to be replaced (e.g., because of a point of attachment relocation). No material change to load</li> <li>– protection and power quality assessment</li> <li>– supply enhancement (e.g., upgrade from single phase to three phase)</li> </ul> </li> </ul>	Alternative control	Alternative control (fee-based)

<sup>15</sup> Italics denote definitions in Chapter 5A of the NER.

Service group	Service description	Final F&A	JEN position
	<ul style="list-style-type: none"> <li>customer requested change requiring primary and secondary plant studies for safe operation of the network (e.g., change protection settings)</li> <li>upgrade from overhead to underground service</li> <li>rectification of illegal connections or damage to overhead or underground service cables</li> <li>calculation of a site specific distribution loss factor on request in respect of a generating unit up to 10 MW or a connection point for an end-user with actual or forecast load up to 40 GWh per annum capacity, as per clause 3.6.3(b1) of the NER</li> <li>calculation of site specific loss factors when required under the NER</li> <li>power factor correction</li> <li>embedded network management</li> <li>assessing connection applications or a request to undertake relocation of network assets as contestable works and preparing offers</li> <li>processing preliminary enquiries requiring site specific or written responses</li> <li>undertaking planning studies and associated technical analysis (e.g., power quality investigations) to determine suitable/feasible connection options for further consideration by applicants</li> <li>liaising with groups representing multiple connecting parties (e.g., community group upgrades)</li> </ul>		
Enhanced connection services	<p>Other or enhanced connection services provided at the request of a customer or third party that include those that are:</p> <ul style="list-style-type: none"> <li>provided with different levels of reliability of service or quality of service (where permissible) than required by the NER or any other applicable regulatory instruments. This includes reserve feeder installation and maintenance</li> <li>in excess of levels of service or plant ratings required to be provided by the DNSP</li> <li>management of export and load at a customer site that provides the customer greater network capacity than they would otherwise be eligible for.</li> </ul>	Alternative control	Alternative control (quoted)
<b>Public Lighting - lighting services provided in connection with a distribution network</b>			
Public lighting	<ul style="list-style-type: none"> <li>operation, maintenance, repair and replacement public lighting services</li> </ul>	Alternative control	Alternative control (fee-based)
	<ul style="list-style-type: none"> <li>alteration and relocation of public lighting assets</li> <li>new public lighting services including greenfield sites and new light types (DNSP provided)</li> <li>provision, construction and maintenance of emerging public lighting technology.</li> </ul>	Alternative control	Alternative control (quoted)

