Jemena Electricity Networks (Vic) Ltd

2026-31 Electricity Distribution Price Review
Revised Regulatory Proposal

Attachment 11-01

Response to the AER's draft decision - Alternative control services

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Glossary

Current regulatory period	The regulatory control period covering 1 July 2021 to 30 June 2026.
Next regulatory period	The regulatory control period covering 1 July 2026 to 30 June 2031.
Public lighting services	Public lighting services include: - operation, maintenance, repair and replacement of public lighting services (OMR) - alteration and relocation of public lighting assets - new public lighting services, including greenfield sites & new light types (distributor provided) and - provision, construction and maintenance of emerging public lighting technology.

Overview of JEN's revised regulatory proposal

On 31 January 2025, Jemena Electricity Networks (Vic) Ltd (JEN) submitted its 2026-31 Electricity Distribution Price Review Proposal (also referred to as the initial regulatory proposal) for the regulatory control period 1 July 2026 to 30 June 2031 (next regulatory period) to the Australian Energy Regulator (AER).

The initial regulatory proposal contains JEN's pricing proposal for Standard Control Services (SCS) which are central to the supply of electricity and are relied upon by all of the customers we serve. It also includes our proposal for Alternative Control Services (ACS), which we provide upon request to customers.

The AER has since released its draft decision on JEN's initial regulatory proposal on 30 September 2025. We summarised the AER's draft decision below and include our response:

- Table OV–1.1 relates to fee-based services
- Table OV–1.2 relates to public lighting services.

Table OV–1.1 and Table OV–1.2 covers the services or aspects of the services where the AER has made changes to our initial regulatory proposal, and we propose alternatives to the draft decision, or we are proposing an update to our initial regulatory proposal. We do not propose any changes to any other aspect of the AER's draft decision on ACS pricing or services.

Table OV–1.1: AER draft decision and JEN response, fee-based and quoted services

	AER draft decision[1]	JEN response	Refer to
Margin	The AER has not accepted our proposal to add a 6% margin to our fee-based services but did accept our proposal to add a 6% margin to our quoted services.	We accept the AER's draft decision.	Section 1.1
Labour rates	The AER has accepted our proposed labour rates for Field Worker and Technical Specialist roles. It has not accepted our proposed labour rates for Administrative Officer, Engineer and Senior Engineer roles.	We updated our calculated labour rates for all labour categories. Our proposed approach is as follows: • Where the JEN updated calculated labour rate is greater than the AER Maximum labour rate, we have adopted the AER maximum labour rate • where our updated calculated labour rate is lower than the AER's maximum labour rate, we have adopted our updated calculated rate.	Section 1.2
Field-based energisation and de-energisation	The AER has not accepted our proposed prices and replaced them with prices in our	The revised regulatory proposal prices differ slightly from the AER draft decision prices, reflecting	Section 1.3

[1] AER, Draft decision, Jemena electricity distribution determination, 1 July 2026-30 June 2031, Attachment 14 – Alternative control services, September 2025, section 14.1.

	AER draft decision[1]	JEN response	Refer to
Field-based special meter reads and meter tests of type 5, 6 and smart meters (business and after hours)	approved pricing proposal for the 2025-26 regulatory year.	updated labour rates for Field Worker and the use of the most recent labour escalation rates.	
Other inputs to the fee-based model	The AER: • Updated nominal vanilla WACC • Updated depreciation rates • Used its draft decision labour escalator • Included superannuation guarantee • Updated weights for labour escalator • Updated December 2024 actual inflation index • Updated RBA forecast rates • Updated EWP hourly rates to $53.78 per hour, consistent with JEN's response to the AER's information request #31 • Substituted JEN's proposed price cap and year one (2026-27) prices for fee-based services with the AER's draft decision price caps and prices for 2025-26.	We accept the AER's adjustments to the fee-based model as appropriate. In addition, we have adjusted the fee-based model with the most recent labour escalation rates.[2]	JEN – RP – Att 11-04M ACS Fee based and quoted services model – December 2025

Table OV–1.2: AER draft decision and JEN response, public lighting services

	AER draft decision[3]	JEN response	Refer to
Smart lighting control devices	The AER reduced the forecast volume from 75,505 to 33,454 as a placeholder to reflect feedback from the Victorian Greenhouse Alliances. The AER asked JEN to consult further with councils regarding the forecast volume.	We have consulted further with the Victorian Greenhouse Alliances (who represent the councils we serve) regarding the volume of smart lighting cells. For the most part, we accept the AER's draft decision. However, in addition to the reduced forecast volume, we also updated the costs associated with smart lighting control devices to reflect the more appropriate and efficient digital solution and the most recent cost information JEN received in response to a Request for Quote from several vendors.	Section 2.1

2 JEN - Oxford Economics – RP – Att 05-07 Real cost escalation report - 20251929.

3 AER, Draft decision, Jemena electricity distribution determination, 1 July 2026-30 June 2031, Attachment 14 – Alternative control services, September 2025, section 14.2.

	AER draft decision[3]	JEN response	Refer to
Council-funded LED lights	The AER has not accepted JEN's proposed volumes for council-funded LED lights. The AER asked JEN to further engage with our stakeholders to accurately reflect customers' interest in funding the accelerated LED rollout.	We have consulted further with the Victorian Greenhouse Alliances (who represents the councils we serve). Councils have decided not to fund the accelerated LED rollout in the next regulatory period. Our revised regulatory proposal reflects this feedback by shifting all forecast volumes from council-funded to JEN-funded LED lights.	Section 2.2
Labour rate	The AER has accepted JEN's proposed labour rate as it is below the AER's benchmark labour rate for ancillary network services (ANS) but has adjusted it to incorporate the AER's draft decisions on inflation and labour escalators.	We accept the AER's draft decision. Additionally, we have utilised the most recent information on labour escalation rates.[4]	JEN – RP- Att 11-06M ACS Public Lighting inputs model – December 2025.
Pole inspection rate	The AER has not accepted JEN's proposed pole inspection rate of 30 inspections per day. It has used 68 inspections per day as a placeholder and seeks further information from JEN to justify our pole inspection rate.	We have provided supporting information to support our proposed 30 pole inspection rates per day per FTE.	Section 2.3
Photo-electric (PE) cell replacement	The AER has not accepted JEN's proposed PE cell replacement of 8 years. It has used a replacement cycle of 10 years as a placeholder, subject to further consideration by JEN, including in light of the Essential Services Commission's (ESC) recently released consultation paper on the Public Lighting Code of Practice Review.[5]	We accept the AER's draft decision.	Section 2.4
Bracket material costs	The AER noted the absence of material costs of the brackets from our forecast capital expenditure. The AER asked JEN to submit the relevant bracket cost information including underpinning unit costs, volume and other relevant assumptions.	We have provided the required information as part of JEN's revised regulatory proposal.	Section 2.5

4 JEN - Oxford Economics – RP – Att 05-07 Real cost escalation report - 20251929.

5 Essential Services Commission Victoria, Public Lighting Code of Practice Review, Consultation Paper, 20 August 2025.

	AER draft decision[3]	JEN response	Refer to
Other inputs to the public lighting model	N/A	We accept the AER's draft decision; however, we have updated the capital expenditure and volume of lights to reflect the actual data for 2024-25.	JEN – RP – Att 11-05M ACS Public Lighting model – December 2025 JEN – RP- Att 11-06M ACS Public Lighting inputs model – December 2025.

1. Our revised regulatory proposal for fee-based services

1.1 We have removed the margin from our fee-based services

Including a margin in the price cap formula for ancillary network services provided on a quotation basis is consistent with the principle of competitive neutrality and the revenue and pricing principles in the NEL.[6] It ensures that customers pay a price similar to that in a competitive market.

The AER has maintained that the price cap formulae for quoted ACS will include margin and tax components and has noted that this approach is consistent with its final decisions for New South Wales, Australian Capital Territory, Northern Territory and Tasmanian distributors and the final F&A for Queensland and South Australian DNSPs.[7]

Similar to quoted services, we also included a margin in our fee-based services as part of our initial regulatory proposal. The AER has not accepted our proposal to include a 6% margin on our fee-based services. Although the AER did not object to including a margin per se, it rejected it because our combined margin and overhead assumption was above its benchmarked rate of 61%. The AER considered that a margin was already accounted for in our total overhead allowance.

Our revised proposal

We accept the AER's draft decision and note that it is consistent with Marsden Jacob's findings and recommendation to the AER that the benchmark overhead rate of 61% already includes an allowance for margin.[8]

1.2 We have updated the labour rates

The AER has accepted JEN's proposed labour rates for fee-based and quoted services for the following labour categories given they are within the AER's maximum thresholds:

- Field Worker (business hours and after hours)
- Technical Specialist (business hours).
- The AER did not accept JEN's proposed labour rates for the following labour categories because they are higher than the AER's maximum thresholds:
- Administrative Officer (business hours)
- Engineer (business hours)
- Senior Engineer (business hours).

For the revised regulatory proposal, we have made several updates to our labour rates as follows:

6 NEL s. 7A(5) states "A price or charge for the provision of a direct control network service should allow for a return commensurate with the regulatory and commercial risks involved in providing the direct control network service to which that price or charge relates".

7 AER, *Framework and approach: AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31*, July 2024, p. 13.

8 Marsden Jacob, Review of ancillary network services: Citipower, Powercor, United Energy, Jemena and AusNet, June 2020, p. 22.

- Field Worker – We continue to use Hay's salary guide 2022-23, consistent with the AER's approach.[9] However, we have incorporated the base salary of the Glove and Barrier (G&B) line worker. This approach is consistent with Marsden and Jacob's approach which the AER has accepted during the last price reset for the Victorian DNSPs.[10]

  The base salary, which has the highest equivalent Hays labour category for Field Worker and Technical Specialist, is the same at $133,000 ($2026). However, a Field Worker has a slightly higher cost than a Technical Specialist as shown in Table 1.1 because of the former's higher on-costs resulting from an additional allowance for annual safety-related training.

- Inflation and labour escalation rates - We adjusted the labour rates by using the updated December 2024 actual inflation index as per the AER's draft decision and the most recent labour escalator rates.[11]

Our updated labour rates are shown in column (d) of Table 1.1.

Table 1.1: Revised regulatory proposal labour rates, $2026-27

Labour category	Initial regulatory proposal (a)	AER draft decision (b)	AER maximum labour rate (c)[12]	JEN updated calculated rate (d)	JEN revised regulatory proposal (e)
Administrative officer (business hours)	$121.40	$120.34	$120.34	$117.57	$117.57
Engineer (business hours)	$271.83	$247.04	$253.35	$263.48	$253.35
Technical specialist (business hours)	**$225.06**	**$218.84**	**$236.86**	**$222.31**	**$222.31**
Senior Engineer (business hours)	$326.19	$304.02	$304.02	$315.88	$304.02
Field worker (business hours)	**$210.89**	**205.12**	**$222.05**	**$224.96**	**$222.05**
Field worker (after hours)	**$370.53**	**$388.59**	**$388.59**	**$420.63**	**$388.59**

Our revised proposal

Our proposed labour rates for the revised regulatory proposal are shown in column (e) of Table 1.1 above

For our revised regulatory proposal, our approach is as follows:

- where the JEN updated calculated labour rate is greater than the AER Maximum labour rate, we have adopted the AER maximum labour rate

9 As we have noted in our initial regulatory proposal (JEN – Att 11-01 – Alternative Control Services), Hays has stopped reporting salary ranges for Field Workers and Technical Specialist after 2022-23 hence this alternative approach of using salary ranges for energy related occupations from Hay's salary guide 2022-23 and escalating it to 2025-26 prices.

10 Marsden Jacob, Review of ancillary network services: Citipower, Powercor, United Energy, Jemena and AusNet, June 2020, Appendices 2 and 3.

11 JEN - Oxford Economics – RP – Att 05-07 Real cost escalation report - 20251929.

12 AER, Draft decision, Jemena electricity distribution determination, 1 July 2026-30 June 2031, Attachment 14 – Alternative control services, September 2025, pp. 7-8.

- where our updated calculated labour rate is lower than the AER's maximum labour rate, we have adopted our updated calculated rate.

Our approach means that our revised regulatory proposal rates are within or equal to the AER's maximum thresholds and therefore provide a more accurate reflection of the efficient costs associated with delivering these services, supporting the sustainable provision of high-quality outcomes for customers.

1.3 Field-based energisation and de-energisation, field-based special meter reads and meter tests for type 5, 6 and smart meters (business and after hours)

The AER has not accepted our proposed prices for the following services on the basis that they do not benchmark well both against our previous prices for these services and similar services offered by other distributors:

- field-based energisation and de-energisation
- field-based special meter reads
- meter tests for type 5, type 6, and smart meters (business hours and after hours).

The AER replaced them with prices in our approved pricing proposal for the 2025-26 regulatory year.

Our revised proposal

We recognise that the prices for this service have increased substantially; however, this is the efficient cost of providing the service. The absence of the expenses in the charges for the current regulatory period (namely, vehicle costs and travel costs) that cause prices to be depressed—and therefore, present as a significant increase in the next regulatory period when included—should not be misconstrued as being inefficient.

When costed properly, the charges are efficient as presented.

1.4 Price impacts of the revised regulatory proposal

Refer to Appendix A1 for the list of indicative fee-based charges for the next regulatory period.

2. Our revised regulatory proposal for public lighting services

The AER did not accept JEN's public lighting proposal as submitted; however, it has accepted our proposed labour rates for public lighting. The AER considers that, while some of the key drivers behind our proposal are reasonable, adjustments are necessary for some inputs. The AER encouraged us to engage further with JEN's public lighting customers on some specific areas of our proposal.

In this section, we only cover the AER's draft decision on matters which has led JEN to update its proposal.

2.1 Reduced volume of smart lighting control devices as per customers' feedback

Our approach to public lighting is customer-driven. We further engaged with our public lighting customers through the Victorian Greenhouse Alliances (VGA) about the appropriate volume of smart lighting control devices to be installed in the next regulatory period. The VGA confirmed councils' preference that smart lighting control devices should be installed in major roads and 10% of residential customers in the next regulatory period.

JEN supports our customers' view. Our revised regulatory proposal includes installing 33,454 smart control devices instead of 75,505. We have also adopted the AER's proposed annual breakdown of installations over the 2026-31 period in our price modelling.

In addition, in September 2026, JEN issued a Request for Quote from several vendors that provide smart lighting control devices. [redacted]

There are also other changes in costs resulting from JEN's further assessment of the most appropriate and efficient digital solution for implementing smart lighting control devices. Our initial regulatory proposal was based on a SaaS solution which includes a single operation cost per unit per year. The revised regulatory proposal is based on licensed on-premise deployment which includes a once-off Perpetual Licence (treated as capital expenditure) plus an annual maintenance charge per device (operating expenditure). The licensed on-premise deployment is a more efficient solution because it offers long-term cost savings through a one-time capital expenditure for a perpetual licence, with only a modest annual maintenance fee thereafter. This digital solution reduces the total cost of ownership over time compared to the recurring operational costs of a SaaS model. It also provides greater control over data, improved customisation, and enhanced compliance with regulatory or security requirements. Our pricing model reflects this new digital solution.

Our revised proposal

We propose installing 33,454 smart lighting control devices over the next regulatory period, in line with our public lighting customers' feedback.

2.2 JEN to fund the accelerated LED rollout as per the customers' feedback

The AER does not consider our proposed accelerated LED rollout to be reasonable and considers that we have not sufficiently addressed stakeholder concerns, including those related to financial/pricing aspects (which are linked to the volume of council-funded accelerated LED installations). The AER noted the VGA's feedback that JEN should fund the accelerated LED rollout and that, under JEN's proposed prices, councils do not have the incentive to pay the upfront capital expenditure costs to install the LED luminaires.

Our proposal to accelerate the LED rollout is in response to feedback from our public lighting customers. As we have outlined in our initial regulatory proposal, some councils have expressed interest in fully or partly funding the rollout. Although we did acknowledge that not all councils may be in a financial position to fund the accelerated LED rollout. We developed our initial regulatory proposal based on these recommendations. To also ensure that there will be no cross-subsidisation between tariff groups, we developed separate asset values within the Regulated Asset Base and consequently separate prices for council and JEN-funded LED lights in the initial regulatory proposal.

Since the release of the draft decision, we have engaged with the VGA to confirm the councils' interest to fully or partly fund the accelerated LED rollout. The VGA has informed us that councils are planning to let JEN fund the accelerated LED rollout. The VGA shared that for most councils the ability to access capital based on over ten-year payback is limited and that it makes more sense to let JEN fund the rollout.

We were also able to present and discuss to the VGA and the Eastern Alliance for Greenhouse Action (EAGA) the price impacts of the accelerated LED rollout with JEN funding it. Table 2–1 provides a summary of our engagement.

Table 2–1: JEN engagement with VGA, EAGA

Date	Matters discussed
VGA-JEN meeting, 19 September 2025	Agenda: • confirm councils' commitment to fund the accelerated LED rollout • discuss approach to smart lighting • discuss the Essential Services Commission Victoria's (ESCV) ongoing Public Lighting code review 2025.
VGA-JEN meeting, 22 October 2025	Agenda: • discuss public lighting customers' expectations regarding smart lighting cells
VGA email to JEN, 23 October 2025	VGA confirmed in writing that: • it is closely working with JEN's councils and that the latter is planning to let JEN fund the accelerated LED rollout • based on JEN's proposed prices in the initial regulatory proposal, the payback period is around 10-15 years if councils pay for the rollout • the significant capital cost is also a barrier, with at least one council expecting a council-funded roll out to cost over $10m • for most councils the ability to access capital based on an over ten-year payback is limited, and it makes more sense to let JEN fund the replacements. The VGA also noted that councils are interested in inputting into the roll out design decisions, in particular, Hume and Hobsons Bay City Councils which are already well advanced in the required pre-design works.
VGA email to JEN, 17 November 2025	In response to JEN's email seeking confirmation that the VGA is representing councils within JEN's service area, the VGA responded that: • submissions to the EDPR process are provided to all councils for comment prior to submission. They are approved through the VGA's governance structures (including via direct council representatives) but may have not been formally considered through the council chamber of each individual member. • the councils that JEN service are all members of VGAs and were provided the opportunity to input into the original VGA submission.
VGA, EAGA - JEN meeting, 19 November 2025	Agenda: • JEN's revised regulatory proposal for public lighting • Price impact of JEN funding the accelerated LED rollout • Indicative price change if the council funds the rollout or if there is no accelerated LED rollout in the next regulatory period. VGA and EAGA noted the price impacts of the LED rollout and committed to reviewing the PL pricing model with the councils and making a submission to the AER once the revised regulatory proposal is published.

Our revised proposal

In light of the latest engagement with VGA and EAGA, JEN will fund the accelerated LED rollout in the next regulatory period. We have adjusted the pricing model accordingly. Our revised proposal to proceed with the accelerated LED rollout is consistent with our public lighting customers' preferences as conveyed to us during our engagement with them during the development of our initial regulatory proposal.[13]

2.3 We maintain our proposed poles inspection rate

The AER did not accept our proposed pole inspection rate of 30 inspections per day and instead used other Victorian DNSPs' proposed 68 inspections per day as a placeholder. The AER sought further information from JEN to support its pole inspection rate.

In addition to the justification previously provided—subsequent to submitting the initial regulatory proposal[14]—we outline in Table 2.2 JEN's procedure for inspecting poles for mechanical damage, including the time required to complete each inspection. As shown, each inspection takes approximately 15 minutes, resulting in a daily inspection rate of 30 poles for **one** full-time equivalent (FTE) field worker.

This rate reflects the capacity of a **single** FTE and may not be directly comparable to the rates proposed by other Victorian DNSPs. When accounting for breaks, administrative duties, and potential delays—such as access constraints or adverse weather—the effective inspection window is reduced to less than 7.5 hours. Under these conditions, even achieving a daily inspection rate of 30 poles per FTE could prove challenging.

JEN notes that taking a simple observation from a singular model input from another DNSP is not an assessment of expenditure efficiency, and certainly not in the context of the JEN business operations. We appreciate that benchmarking and data comparisons play a role in the AER's efficiency assessment,[15] however, these are "first pass assessments"[16] and only "to determine relative efficiency and target areas for **further review**."[17] (emphasis added).

In the current context, we recognise that the pole inspection rate between JEN and other DNSPs shows a significant difference and therefore, per the Expenditure Assessment Guideline, requires further investigation. However, in the draft decision, no further investigation appears to have been conducted, and only a direct substitution was made.

To remain consistent with the AER's Expenditure Assessment Guideline, JEN recommends that the AER seek clarification from other DNSPs on whether the 68 poles inspection rate per day is efficient, assess whether JEN's estimation amount is reasonable in the context of the effort and safety requirements or apply some other techniques to assess efficiency.

Requiring a single FTE to inspect 68 poles in one day poses unacceptable risks to both personnel safety and inspection integrity. A more realistic target must be adopted to ensure compliance with safety standards, maintain inspection quality, and uphold duty-of-care obligations.

Pole inspections often require ladder use, working at heights, and frequent driving between sites. Compressing 68 inspections into one day significantly increases the likelihood of rushed movements, fatigue, and compromised situational awareness—each of which heightens the risk of injury. Rushing through inspection tasks to meet an unrealistic quota could also result in missed defects or incomplete records, undermining asset management and public safety.

13 JEN – Att 11-02 – Public Lighting submitted as part of the initial regulatory proposal.

14 JEN response to the AER's information request #31 – Follow up on ANS and public lighting, June 2025.

15 AER, *Expenditure Forecast Assessment Guideline for Electricity Distribution*, October 2024, s. 2.3.

16 AER, *Expenditure Forecast Assessment Guideline for Electricity Distribution*, October 2024, Pg. 10.,

17 AER, *Expenditure Forecast Assessment Guideline for Electricity Distribution*, October 2024, Pg. 10.

Table 2.2: Public lighting, procedure for inspecting standard URD and frangible steel poles for mechanical damage

Task	Time taken to complete the task
Examine the pole from top to ground at every scheduled inspection. Look for denting or damage that causes the pole to buckle or lean. Damage may include: • Broken welds and seams • Obvious signs of cracking around the pole • Cracked or damaged access point openings • Deep pitting and extensive sheeting rust	3.5 minutes
Check bases of frangible poles for alignment and bolt tension. Look for: • Misalignment of the pole to the base • Loose and/or missing nuts and bolts • Damaged or missing slip rings	3.5 minutes
Check that the access plate is fitted correctly	1.0 minute
Lighting bracket is secure and stable. Look for: • Lighting bracket is secure and aligned correctly to the road • Lanterns are securely mounted and aligned	2.0 minutes
Travel time	5.0 minutes
Total inspection time (a)	15.0 minutes
Hours per day (b)	7.5 hours
Minutes per total working hours per day (c) = (b) * 60 minutes	450
Total poles inspected per day by 1 FTE (d) = (c)/(a)	**30 / per day**

Our revised proposal

JEN does not agree with the AER's draft decision. We maintain that a daily inspection rate of 30 poles per full-time equivalent field worker is reasonable, given the time required to conduct a safe and thorough inspection.

2.4 Replacement cycle for PE cells

The AER did not consider JEN's proposed 8-year replacement cycle for photoelectric cells in LED lights to be reasonable and instead applied a 10-year cycle as a placeholder in its draft decision. The AER also noted that it would consider any updates made by the Essential Services Commission of Victoria (ESCV) to the Public Lighting Code in its final decision.

JEN is open to accepting the AER's draft decision. We acknowledge that the ESCV, through its consultation paper on the Public Lighting Code Review, proposes replacing the current fixed 8-year replacement cycle for PE cells with a more flexible approach based on industry best practices or as otherwise required by applicable public lighting standards.

JEN supports this direction and recognises that modern PE cells—particularly those integrated into smart lighting systems—are designed to exceed the traditional 8-year lifespan. Advances in technology and integration with intelligent control systems have significantly extended the operational life of PE cells.

In light of these developments, JEN considers the AER's placeholder 10-year cycle to be a reasonable interim position and supports the ESCV's proposal to adopt a best-practice framework that reflects the capabilities of modern lighting technologies.

Our revised proposal

JEN accepts the AER's draft decision. JEN will comply with the ESCV's final decision on the Public Lighting Code Review.

2.5 Forecast bracket replacements (driven by lantern replacements)

The AER has acknowledged that JEN has omitted the material costs of brackets (driven by lantern replacement) from our forecast capital expenditure and noted that this would be rectified in our revised regulatory proposal.

In addition to the unit costs of brackets for each LED lighting type, which we have already submitted, the AER has requested that JEN also provide the forecast volume of bracket replacements (driven by lantern replacement) for the next regulatory period, along with any relevant assumptions.

Table 2.3 shows our historical and forecast bracket replacements (driven by lantern replacements). While the forecast broadly aligns with recent replacement volumes, actual replacement volumes may fluctuate over time due to various factors. For the next regulatory period, we anticipate a step change in bracket replacements due to our proposed bulk re-lamping, hence the slight increase in forecast volume relative to historical volume. However, we consider our forecast to be reasonable, particularly given the potential for increased bracket replacements during the accelerated LED rollout in the next regulatory period.

Table 2.3 - Forecast bracket replacements (driven by lantern replacements)

	Actual		Estimate				Forecast[18]					
	FY22	FY23	FY24	FY25	FY26		FY27	FY28	FY29	FY30	FY31	EDPR Total
Minor Road	65	47	53	64	66		75	70	70	70	70	355
Main Road	9		7	8	11	12	12	12	12	12	12	60
	74		**53**	**61**	**75**	**78**	**87**	**82**	**82**	**82**	**82**	**415**

Our revised proposal

We have updated our public lighting models to include our forecast capital expenditure for bracket replacements (driven by lantern replacements) in the next regulatory period.

2.6 Change to other inputs

JEN welcomes the AER's draft decision to accept our labour rates for public lighting. For the revised regulatory proposal, we have updated the forecast labour rates only to reflect the most recent labour escalation rates.[19] We have also updated the capital expenditure and volume of lights to reflect the actual data for 2024-25.

The AER has amended the rate of return and inflation assumptions in JEN's public lighting models to align with its draft decision on other relevant components of JEN's proposal. In addition, the AER amended the public lighting prices for 2025-26 to match the AER-approved public lighting prices in JEN's pricing proposal for the 2025-26 regulatory year.[20]

[18] JEN – RIN – Support – Electricity Distribution Asset Class Strategy.

[19] JEN - Oxford Economics – RP – Att 05-07 Real cost escalation report - 20251929.

[20] The model prices did not match the approved public lighting prices for 2025-26 as we finalised our public lighting models for the initial regulatory proposal prior to preparing our 2025-26 pricing proposal (which the AER approved).

Our revised proposal

JEN accepts the AER's amendments, as they promote consistency across our various pricing models and ensure that key financial parameters are applied uniformly. This alignment supports a more transparent and coherent approach to cost forecasting and regulatory assessment.

2.7 Price impacts of the revised regulatory proposal

Table 2.4 shows the price change between the two light classes under our revised regulatory proposal. JEN has removed its proposed price for customer-funded rollout lights in view of the feedback received from councils that they are not keen to fund the rollout.

The key drivers for the increase in prices are the accelerated LED rollout and the deployment of 33,454 smart lighting control devices across JEN's major roads and 10% of residential customers as per our customers' feedback.

Table 2.4: Price change (Percent, Nominal)

	FY26 to FY27	FY27 to FY31
Legacy Lights	78.6%	2.5%
Energy Efficient Lights		

Table 2.5 compares the price change from FY26 to FY27 under our initial regulatory proposal, AER draft decision and revised regulatory proposal. The key contributors to the change from our initial regulatory proposal to the revised regulatory proposal are the reduced number of smart lighting control devices to be installed and the non-funding by councils of the accelerated LED rollout. This is consistent with our public lighting customer feedback in response to our initial regulatory proposal.

Table 2.5: Comparison of price change in FY26 to FY27 (Percent, Nominal)

	Initial regulatory proposal	AER draft decision[21]	Revised regulatory proposal
Legacy Lights	1.3%	-1.8%	78.6%
Energy Efficient Lights	43.2%	23.2%	78.6%
Customer Funded rollout lights	-10.1%	-23.5%	n/a

For the list of indicative charges for public lighting, OMR for the next regulatory period, refer to Table A2–1 of Appendix A2.

[21] AER, Draft decision, Jemena electricity distribution determination: 1 July 2026-30 June 2031, Attachment 14-Alternative Control Services, September 2025, p.17.

Appendix A
Schedule of prices

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A1. Schedule of prices for alternative control services for the next regulatory period

Table A1–1: Proposed indicative charges for alternative control services FY27 ($ June 2026, dollars)

Proposed fee-based services	Business Hours (B/H)	After Hours (A/H)
Connection services[22]		
New basic connection, single-phase	813.89	1,162.51
New basic connection, three-phase	1,074.66	1,422.72
Connection management services		
Temporary single-phase connection	77.3.41	1,122.03
Temporary three-phase connection	822.97	1,171.59
Field-based energisation	63.71	111.22
Field-based de-energisation	91.37	91.37
Temporary disconnection	511.52	793.62
Reconnection (after temporary disconnection)	593.67	927.07
Upgrade of basic connection (1 to 3-phase)	1,045.32	1,393.94
Replacement of overhead basic connection, single-phase	773.41	1,122.03
Replacement of overhead basic connection, three-phase	827.26	1,175.88
Reserve feeder maintenance ($/kW)	16.16	16.16
Wasted site attendance		
Waste attendance – site visit	653.33	986.73
Ancillary network services		
Customer access to electricity consumption data	No charge	No charge
Security lighting (operation and maintenance)	177.44	177.44
Auxiliary metering services		
Remote special meter read	No charge	No charge
Remote energisation	No charge	No charge
Remote de-energisation	No charge	No charge
Remote meter re-configuration	63.64	63.64
Meter alteration (or relocation)	653.33	986.73
Field-based special meter reads	61.40	61.40
Meter test of types 5, 6 and AMI & smart metering installations	661.87	898.58
Type 7 metering ($/light)	No charge	No charge

JEN – RP - Attachment 11-04M ACS Fee Based Services Model – December 2025.

[22] The proposed new basic connection fees are the same regardless of whether we or a third-party meter provider are responsible for metering.

Table A1–2: Proposed real price change for fee based alternative control services (per cent)

Labour categories	FY28	FY29	FY30	FY31
Escalation rate (X-Factor)	-0.96%	-1.12%	-1.23%	-1.20%

JEN – RP - Attachment 11-04M ACS Fee Based Services Model – December 2025.

Table A1–3: Proposed indicative meter exit fees per meter ($ June 2026, dollars)

Meter category	FY27	FY28	FY29	FY30	FY31
Single-phase	240.32	302.23	361.86	421.38	478.72
Single-phase, two-element	251.65	316.93	380.37	443.78	505.02
Three-phase (direct connect)	294.80	372.94	450.98	529.34	605.62
Three-phase (current transformer (CT) connect)	385.64	491.42	601.19	712.46	822.22

Source: Attachment 07-29 ACS Metering Exit Fee Model.

Table A1–4: Proposed indicative labour rates for quoted services ($ June 2026, dollars)

Labour category	Business hours	After hours
Administrative employee	120.38	120.38
Field worker	224.96	420.63
Technical specialist	222.31	222.31
Engineer	253.04	253.04
Senior engineer	303.64	303.64

JEN – RP - Attachment 11-04M ACS Fee Based Services Model – December 2025.

Table A1–5: Proposed real labour rate escalation for quoted services for FY28 to FY31 (per cent)

Labour categories	FY28	FY29	FY30	FY31
Escalation rate (X-Factor)	-0.96%	-1.12%	-1.23%	-1.20%

Source: JEN – RP - Attachment 11-04M ACS Fee Based Services Model – December 2025.

A2. Revised public lighting OMR charges for the next regulatory period

Our revised indicative charges for public lighting OMR services for the next regulatory period are set out in Table A2–1. The actual prices will vary based on annual updates to the rate of return and CPI. However, if the public lighting volume of any public lighting asset class falls below 20% in the next regulatory period, we will rebalance our tariffs across all classes.

Table A2–1: Revised indicative public lighting OMR charges for the next regulatory period (nominal dollars)

Light type	FY27	FY28	FY29	FY30	FY31
Legacy Lights					
Mercury Vapour 50 watt	144.60	148.21	151.92	155.72	159.61
Mercury Vapour 80 watt	115.70	118.59	121.56	124.60	127.71
Mercury Vapour 125 watt	170.05	174.30	178.66	183.13	187.70
Mercury Vapour 250 watt	244.41	250.52	256.78	263.20	269.78
Mercury Vapour 400 watt	274.93	281.80	288.85	296.07	303.47
Sodium High Pressure 100 watt	343.78	352.38	361.19	370.22	379.47
Sodium High Pressure 150 watt	250.96	257.23	263.66	270.26	277.01
Sodium High Pressure 250 watt	254.57	260.93	267.46	274.14	281.00
Sodium High Pressure 400 watt	338.58	347.05	355.72	364.62	373.73
Metal Halide 70 watt	297.33	304.76	312.38	320.19	328.19
Metal Halide 150 watt	557.13	571.06	585.33	599.96	614.96
Metal Halide 250 watt	547.34	561.02	575.05	589.42	604.16
Fluorescent 40 watt	144.60	148.21	151.92	155.72	159.61
Energy Efficient Lights					
T5 (2 x 14 W)	144.12	147.72	151.41	155.20	159.08
T5 (2 x 24 W)	162.32	166.38	170.53	174.80	179.17
Compact Fluoro 32W	136.65	140.07	143.57	147.16	150.84
Compact Fluoro 42W	136.65	140.07	143.57	147.16	150.84
LED 18W (incl other Category P LED variants	70.62	72.39	74.20	76.05	77.95
LED 70W	129.92	133.17	136.50	139.91	143.41
LED 118W, 155W, 162W	131.78	135.07	138.45	141.91	145.46
LED 275W	148.12	151.82	155.62	159.51	163.49

Source: Attachment JEN – RP – Att 11-05M ACS Public Lighting Model.