Jemena Electricity Networks (Vic) Ltd

2026-31 Electricity Distribution Price Review - Revised Regulatory Proposal

Supporting justification document

Accelerating Smart Meter Rollout - Pass through application

1. Accelerating Smart Meter Rollout - Pass through application

In October 2025, Jemena Electricity Networks (Vic) Ltd (**JEN**) lodged an application to the Australian Energy Regulator (**AER**) in accordance with the National Electricity Rule (**NER**) clause 6.6.1(a) to recover costs associated with its smart meter deployment program, required under the *Accelerating smart meter deployment* rule (**ASMD rule**) determined by the Australian Energy Market Commission (**AEMC**) on 28 November 2024.

This rule provides a pathway to achieve universal smart meter adoption in the NEM by 2030. It introduces new regulatory arrangements requiring retailers and metering coordinators to replace all existing Type 5 and Type 6 metering installations ('legacy' meters) with a Type 4 ('smart' meter) by 1 December 2030 – Legacy Metering Replacement Plans.

The ASMD rule also introduced a suite of supporting reforms aimed at assisting the replacement of legacy meters, which necessitate a series of market procedures and system changes that were subsequently defined by the Australian Energy Market Operator (**AEMO**) in its Metering Services Review (**MSR**) facilitated by industry consultation.

Victorian DNSPs are required to adapt their business practices and market systems to align with a national framework that assumes a separation between DNSPs and MCs. In JEN's case, this means updating its Information and Communication Technology (**ICT**) systems that support core functions such as network management, meter-to-market operations, and data exchange with AEMO and other market participants.

Within the current regulatory period, the key compliance activities for JEN in relation to the ASMD rule include:

- the replacement of legacy meters (which is an alternative control service (**ACS**)) and
- the updates of relevant ICT systems in accordance with AEMO's MSR requirements (which is a standard control service (**SCS**)).

The regulatory obligations to comply with AEMO's technical specifications under the MSR and to replace legacy meters, stemming from the ASMD rule, arose after the final decision for JEN's 2021-26 electricity distribution price review was made. Therefore, the costs associated with the ASMD rule were not accounted for in JEN's revenue allowance for the 2021-26 regulatory period.

Both the replacement of legacy meters and the updating of digital systems are classified as direct control services. However, we are proposing a positive pass through amount to recover the SCS costs associated with digital system changes only and not the ACS metering costs related to legacy meter replacement in this cost pass through application.

This is because JEN's LMRP program costs are all capital expenditure costs, which JEN will incur entirely in the 2025-26 financial year. JEN will therefore include these estimated capital expenditure costs in the ACS metering roll forward in its revised regulatory proposal in December 2025. This provides a cost recovery pathway that avoids the administrative burden of an ACS pass through application for the AER and JEN.

Whilst we expect to complete the expenditure in the 2021-26 regulatory control period, this pass through application is relevant to our 2026-31 regulatory proposal as the capital expenditure in 2021-26 regulatory control period impacts the CESS calculations in the 2026-31 regulatory control period.

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Jemena Electricity Networks (Vic) Ltd

Pass through application

Accelerating smart meter deployment rule

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Abbreviations

Abbreviation	Full Term
ACS	Alternative Control Services
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AIMRO program	Victoria's Advanced Interval Meter Roll Out program
ASMD rule	Accelerating smart meter deployment rule
ARR	annual revenue requirement
B2B	Business to Business
B2M	Business to Market
BPQD	basic power quality data
CER	Consumer Energy Resources
CESS	Capital Expenditure Sharing Scheme
DEECA	Victorian Department of Energy, the Environment and Climate Action
DNSP	Distribution Network Service Provider
EV	Electric Vehicle
ICT	Information and Communication Technology
JEN	Jemena Electricity Networks (Vic) Ltd
LMRP	Legacy Meter Replacement Plan
MC	Metering Coordinator
MSATS	Market Settlement and Transfers Solution
MSR	Metering Services Review
MTS	Market Transaction Suite
NEM	National Electricity Market
NER	National Electricity Rule
NMI	National Metering Identifiers
NST	Neutral supply testing
PTRM	post-tax revenue model
SCS	Standard Control Services
Solar PV	solar photovoltaic systems

1. Overview

Jemena Electricity Networks (Vic) Ltd (**JEN**) is making an application to the Australian Energy Regulator (**AER**) in accordance with the National Electricity Rule (**NER**) clause 6.6.1(a) to recover costs associated with its smart meter deployment program, required under the *Accelerating smart meter deployment* rule (**ASMD rule**) determined by the Australian Energy Market Commission (**AEMC**) on 28 November 2024.

This rule provides a pathway to achieve universal uptake of smart meters in the NEM by 2030. It introduces new regulatory arrangements to require retailers and metering coordinators to replace all existing Type 5 and Type 6 metering installations ('legacy' meters) with a Type 4 ('smart' meter) meter by 1 December 2030 – Legacy Metering Replacement Plans.

The ASMD rule also introduced a suite of supporting reforms aimed at assisting the replacement of legacy meters, which necessitate a series of market procedures and system changes that were subsequently defined by the Australian Energy Market Operator (**AEMO**) in its Metering Services Review (**MSR**) facilitated by industry consultation.

JEN replaced most of its legacy meters under Victoria's mandated rollout of advanced metering infrastructure in between 2009-2014. The effect of the ASMD rule is that JEN must now replace the residual population of legacy meters that were not addressed during the initial rollout. In accordance with the ASMD rule, JEN prepared a Legacy Meter Replacement Plan (**LMRP**) for the AER's approval, setting out its preferred approach to replacing legacy meters. The AER approved JEN's LMRP, having been satisfied that JEN's proposed legacy meter replacement schedule complies with the NER requirements, including the LMRP objective.

Given the history of the initial smart meter rollout in Victoria, JEN acts as the Metering Coordinator (**MC**) for the smart meters it has installed to date. The ASMD rule is primarily aimed at accelerating smart meter deployment in other jurisdictions, where the MC is a party separate from the distribution network service provider (**DNSP**). However, the ASMD rule does not exempt Victorian DNSPs from implementing the associated reforms, which aim to facilitate the coordination and deployment of smart meters among DNSPs, metering coordinators, and metering providers.

As such, Victorian DNSPs are nevertheless required to adapt their business practices and market systems to align with a national framework that assumes a separation between DNSPs and MCs. In JEN's case, this means updating its Information and Communication Technology (**ICT**) systems that support core functions such as network management, meter-to-market operations, and data exchange with AEMO and other market participants.

Within the current regulatory period, the key compliance activities for JEN in relation to the ASMD rule include:

- the replacement of legacy meters (which is an alternative control service (**ACS**)) and
- the updates of relevant ICT systems in accordance with AEMO's MSR requirements (which is a standard control service (**SCS**)).

The regulatory obligations to comply with AEMO's technical specifications under the MSR and to replace legacy meters, stemming from the ASMD rule, arose after the final decision for JEN's 2021-26 electricity distribution price review was made. Therefore, the costs associated with the ASMD rule were not accounted for in JEN's revenue allowance for the 2021-26 regulatory period.

The costs we expect to incur in relation to the ASMD rule within the current regulatory period total $16.12 million ($2025). We consider the driver of our expenditure satisfies the criteria of a regulatory change pass through event, or alternatively, a service standard pass through event.

Both the replacement of legacy meters and the updating of digital systems are classified as direct control services. However, we are proposing a positive pass through amount to recover the SCS costs associated with digital system changes only and not the ACS metering costs related to legacy meter replacement in this cost pass through application.

This is because JEN's LMRP program costs are all capex costs, which JEN will incur entirely in the 2025-26 financial year. JEN will therefore include these estimated capex costs in the ACS metering roll forward in its

revised regulatory proposal in December 2025. This provides a cost recovery pathway that avoids the administrative burden of an ACS pass through application for the AER and JEN.

The ACS metering costs are also not subject to a capital expenditure sharing scheme (**CESS**), which means JEN will not be penalised for prudently incurring these new obligation capex costs under the CESS. In contrast, it would incur a penalty for the SCS capex costs it will incur for the MSR obligations and associated SCS activities if not for this SCS pass through application.

We propose a positive pass through amount of $0.13 million (nominal), reflecting the incremental revenue necessary in the current regulatory period to account for the identified SCS expenditure. As prices have already been set for 2025-26, we propose to recover this positive pass through amount in 2026-27. We note that the AER has not made its final decision or set the price path for the next regulatory period. Accordingly, we are willing to work with the AER to determine which year works best to recover the pass through amount.

This application sets out the basis of our cost pass through application, the scope of activities and expenditures associated with the ASMD rule and the evidence of our cost estimates.

2. Background

Jemena Electricity Networks (Vic) Ltd (**JEN**) is an electricity distribution network service provider (**DNSP**). Every day, we deliver electricity to over 387,000 homes and businesses in the north-west area of Melbourne.

As part of our role in providing electricity distribution services, JEN manages approximately 383,000 Advanced Metering Infrastructure (**AMI**) meters (**smart meters**) and approximately 4,000 legacy meters. Our legacy meters were installed between 1930 and 2009.

Smart meters are an essential tool to:

- help facilitate the efficient integration of Consumer Energy Resources (**CER**s) — such as solar photovoltaic (**solar PV**) systems, home batteries and electric vehicles (**EV**s)
- provide consumers with visibility and control of their electricity consumption and costs, and more access to alternative pricing options
- create opportunities for greater data sharing, promoting competition and innovation, and support more targeted energy policies
- allow DNSPs to improve their management of the electricity network.

2.1 The *Accelerating smart meter deployment* rule

On 28 November 2024, the Australian Energy Market Commission (**AEMC**) made the 'Accelerating smart meter deployment' final rule ('**ASMD rule**') to accelerate the NEM-wide deployment of smart meters to consumers, enabling them to access the benefits that smart meters can provide sooner. Accelerating the deployment of smart meters provides a digital platform for the energy system as the energy landscape changes with increasing CER integration into the National Electricity Market (**NEM**).

The ASMD Final Rule has two overarching objectives:

- Accelerate the deployment of smart meters in the NEM.
- Enable the provision of power quality data from smart meters to DNSPs.

These overarching objectives are supported by a series of reforms aimed at assisting the deployment of smart meters. In summary, the ASMD rule:

- Introduces a process for the rollout of smart meters by 2030, by providing for the development and implementation of Legacy Meter Replacement Plans (LMRPs). DNSPs are required to develop, through consultation with affected stakeholders, including retailers, plans for the replacement of all legacy meters (excluding type 5 meters with remote acquisition capabilities) and replacement schedules for each 12 month-period. Retailers are responsible for arranging for the replacement of legacy meters in accordance with those plans. The AER has a compliance oversight role to approve the LMRPs.
- Introduces a new metering installation defect notification and industry record-keeping process, which would be triggered when a technician encounters a defect at the metering installation that prevents a legacy meter replacement.[1]
- Introduces a Shared Fusing Meter Replacement Procedure for the replacement of meters with shared fusing, which enables the replacement of multiple legacy meters where they are connected via a shared fuse, subject to limited exceptions.

[1] A metering installation defect is defined as a defect with an end user's housing of a metering installation or electrical wiring connected to the metering installation that means the metering installation is unable to be repaired or replaced.

- Improves the repair process for malfunctioning meters and the associated exemption procedures. The ASMD rule makes a distinction between different types of malfunctions and introduces changes to the malfunction exemption process. The amended process will link to the shared fusing meter replacement procedures and also improve processes and timeframes for repair.
- Amends the requirements for meter testing and inspections under asset management strategies developed by MCs. The Australian Energy Market Operator (AEMO) will be required to develop Asset Management Strategy Guidelines to facilitate the development and implementation of asset management strategies. The ASMD rule also exempts MCs from testing and inspecting legacy meters during the LMRP period.
- Introduces a definition of 'basic power quality data' (BPQD) and requires MCs to collect and deliver a BPQD service to DNSPs. BPQD is defined as the following characteristics of the power supply as measured by a meter: measurements of voltage, current and phase angle. AEMO is required to create BPQD procedures, which might be included within an existing procedure, such as the Metrology Procedures. AEMO must also standardise the exchange architecture for MCs to deliver BPQD service to DNSPs.[2]

The ASMD rule staggers the implementation of its reforms into two commencement dates:

- 1 December 2025 - Commencement of the LMRP, site defect process, metering installation malfunction framework, introduction of the Shared fusing meter replacement procedure and the testing and inspection framework
- 1 July 2026 - Commencement of the provision of basic PQD from the Metering Coordinator (**MC**) to the DNSP for small customer metering installations.

The ASMD rule also includes:

- a requirement for AEMO to update the Market Settlement and Transfer Solution Procedures to facilitate the collection and input of information regarding defects at metering installations and information regarding legacy meters to be replaced under an LMRP.
- provision for general updates by the AER and AEMO to make any amendments to procedures, guidelines and other documents that are required to take into account the ASMD rule.

2.2 AEMO's Metering Services Review

As foreshadowed in the AEMC's rule determination, to deliver the reforms under the ASMD rule, AEMO must make changes to its market procedures and systems. Starting from December 2024, AEMO undertook industry consultation on the proposed changes to its market procedures and systems, termed the metering services review (**MSR**).

[2] A more detailed summary of the changes to the NER as part of the ASMD rule is set out in the AEMC's final rule determination, National Electricity Amendment (Accelerating Smart Meter Deployment) Rule – Appendix D, 28 November 2024.

AEMO split the MSR into three packages of work related to: accelerating smart meter deployment, smart meter testing and inspection, and exchanging power quality data. AEMO has now published its final reports on all three packages of the MSR.[3]

Table 2–1: Scope of the MSR

MSR packages	Scope
Package 1	Establishes enhancements to existing retail procedures and systems, new AEMO procedures to deal with LMRP and site defects change, and amendments to B2M Procedures/schema and B2B schema.
Package 2	Establishes a new guideline for testing and inspections for smart meters and family failures, along with system changes to support the changed Metering Installation Exemption requirements
Package 3	Establishes a new interface that facilitates the exchange of basic Power Quality Data between MC and DNSP

Source: AEMO, Metering Services Review, High Level Implementation Assessment, December 2024, p.11.

The purpose of the MSR was to determine the necessary changes to the Business-to-Market (B2M) framework and the Business-to-Business (B2B) system to implement the ASMD rule. The impacted procedures include: [4]

- Service Order Process Procedure
- One Way Notification Process Procedure
- MSATS Procedures - Principles and Procedures for All Connection Points
- Standing Data for MSATS
- Metering Installation Malfunction Exemption Procedure
- Asset Management Strategy Guideline (New)
- Metrology Procedure Part A
- Basic power quality procedures
- Guide to the Role of the Metering Coordinator.

For instance, AEMO must update the Market Settlement and Transfers Solution procedure (**MSATS**) to specify the information that must be recorded in relation to:

- Approved LMRPs – DNSPs must populate MSATS with the date by which a Type 5 or Type 6 meter (excluding Type 5 metering installations capable of remote acquisition, i.e. Legacy meters) must be exchanged for a smart meter.

[3] AEMO, May 2024 Metering Services Review Package 1 Consultation, Final Report – Standard consultation for the National Electricity Market, 2 April 2025.

AEMO, 2025 Metering Services Review Package 2 Consultation, Final Report – Standard consultation for the National Electricity Market, 1 July 2025.

AEMO, 2025 Metering Services Review Package 3 Consultation, Final Report – Standard consultation for the National Electricity Market, 30 September 2025.

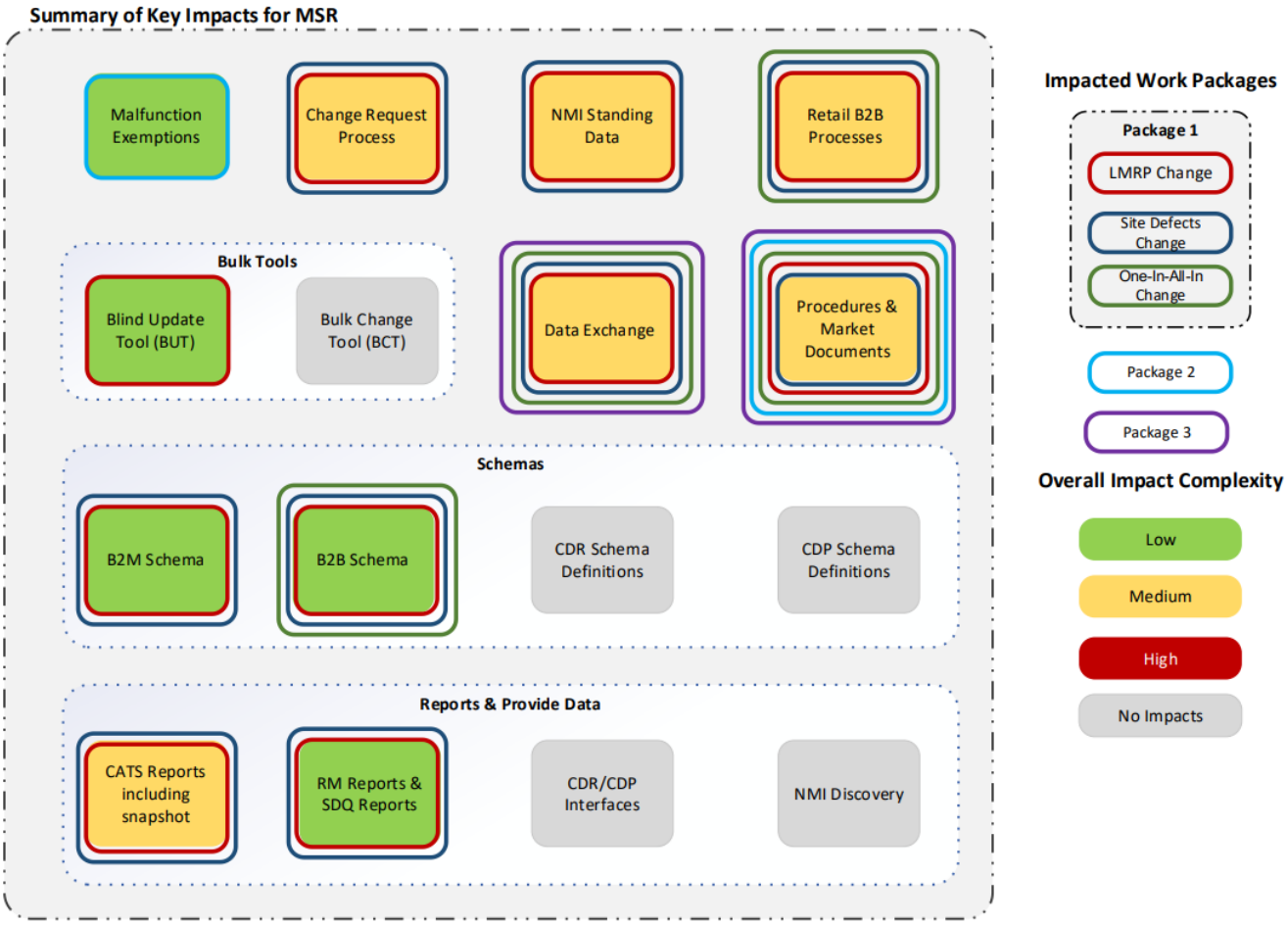
[4] AEMO, Metering Services Review – High Level Implementation Assessment, December 2024, chapter 4.

- Metering installation defects – MCs must flag in MSATS when a defect is identified at a site that prevents the replacement of a Legacy meter with a smart meter. Additionally, retailers must record in MSATS the completion of a customer notification process as part of the defect record-keeping requirements.

It is also necessary to change the B2B and B2M schema details to align with the changes specified in the relevant procedures.[5]

The changes to the abovementioned market procedures and guidelines, and associated system changes, collectively referred to as 'MSR' and summarised in Figure 2–1, warrant corresponding updates in industry participants' systems to ensure seamless market transactions.

Figure 2–1: Key impacts for MSR



2.3 The Victorian Advanced Metering Infrastructure roll-out

Between 2009 and 2015, JEN began replacing its fleet of legacy meters under a series of Victorian Government Order in Council that established Victoria's Advanced Interval Meter Roll Out obligations and roll out program (**AIMRO program**). 78% of JEN's current smart meters were installed between 2009 and 2014 during Victoria's mandated AIMRO program. JEN was the responsible MC for the smart meters that were installed under the AIMRO program.

At the conclusion of this program, a very small percentage of customers continued to use legacy meters. JEN has completed the smart meter roll-out as required by the Order, noting that the Order anticipated a residual population

[5] Schema refers to a standardized data structures and protocols used to facilitate electronic communications between market participants (B2B) or between market participants and AEMO (B2M). The communication types are structured using the aseXML format and are governed by relevant B2B or B2M Procedures.

of legacy meters. The ASMD rule, however, does not permit a residual population of legacy meters and requires that all meters be converted to smart meters.

Given the history of the initial smart meter rollout in Victoria, JEN acts as the Metering Coordinator (**MC**) for the smart meters it has installed to date. The ASMD rule is primarily aimed at accelerating smart meter deployment in other jurisdictions, where the MC is a party separate from the distribution network service provider (**DNSP**). However, the ASMD rule does not exempt Victorian DNSPs from implementing the associated reforms, which aim to facilitate the coordination and deployment of smart meters among DNSPs, metering coordinators, and metering providers.

As such, Victorian DNSPs are nevertheless required to adapt their business practices and market systems to align with a national framework that assumes a separation between DNSPs and MCs. In JEN's case, this means updating its ICT systems that support core functions such as network management, meter-to-market operations, and data exchange with AEMO and other market participants, in accordance with the technical requirements specified in AEMO's MSR.

2.4 JEN's Legacy Meter Replacement Plan

Because of the ASMD rule, JEN must replace its residual legacy meters with smart meters. Accordingly, JEN prepared an LMRP and submitted it to the AER for approval on 30 June 2025.[6]

To maximise efficiency and reduce costs, JEN proposed in its LMRP to replace approximately 4,000 legacy meters during CY 2025(H2) and CY 2026 (H1), rather than doing so progressively until June 2030. This proposal is consistent with the LMRP objective of replacing all existing legacy meters with smart meters in a timely, cost-effective, fair, and safe way during the LMRP period.[7] This is because:

- a focused one-year replacement program allows for better planning, resource allocation and project management. Staff can be fully dedicated, resulting in improved efficiency and oversight
- bulk purchasing of materials and services often leads to more efficient prices
- mobilisation costs are incurred once instead of annually
- prolonging the replacement cycle can result in emergency repairs, which are typically more expensive and disruptive than planned replacements.

The AER approved JEN's LMRP on 1 September 2025, having been satisfied that JEN's proposed meter replacement schedule complies with the LMRP requirements set out in clauses 11.177.2 and 11.177.3 of the NER, including the LMRP objective.

Under clause 11.177.4(d) of the NER, Jemena must:

- as soon as reasonably practicable and in any event within 20 business days after the AER has approved its LMRP, notify the affected retailers and MCs and provide them a schedule specifying the legacy meters and corresponding National Metering Identifiers (**NMI**s) to be replaced in each interim period under the LMRP
- no later than 27 November 2025, record relevant details of the LMRP in accordance with the MSATS Procedures.

The AER also encouraged Jemena to consider the advice provided by the Victorian Department of Energy, the Environment and Climate Action (**DEECA**) regarding the number of attempts to upgrade Legacy Meters.

6 Jemena - Legacy Meter Replacement Plan - 1 September 2025 | Australian Energy Regulator (AER)

7 Clause 11.177.2(a) of the NER.

2.5 Structure of this document

The remainder of this application is structured to address the NER clause 6.6.1 requirements:

- Section 3 details the incremental costs that JEN is incurring as a result of the ASMD rule
- Section 4 details the positive pass through event and the eligible pass through amount

The following appendices support this application:

- Appendix A provides a compliance checklist
- Appendix B provides JEN's Pass Through Expenditure Model
- Appendix C provides our approach to calculating the cost past through amount
- Appendix D provides a summary of the digital capabilities required to deliver MSR package 1
- Appendix E provides evidence of a non-labour cost estimate pertaining to MSR package 1
- Appendix F provides our claims for confidentiality over this submission.

3. Cost of implementing the ASMD rule

This section explains what the ASMD rule requires JEN to do and the costs JEN must incur to implement the ASMD rule.

3.1 Develop and implement LMRP

As explained in section 2, the ASMD rule requires DNSPs to develop a LMRP and consult with relevant stakeholders to communicate the schedule of meters that will be replaced under the LRMP. JEN needs to:

i) prepare a draft LMRP for the affected retailers

ii) provide a schedule of legacy meters and NMIs to be replaced in each financial year to affected retailers

iii) submit to the AER the LMRP that meets the LMRP guiding principles

iv) after the AER approves the LMRP, communicate to affected retailers and MCs the LMRP meter replacement schedules and record the schedules into MSATS

v) install smart meters for customers in accordance with the LMRP meter replacement schedules.

JEN has now completed the first three steps. For the remainder of the current regulatory period, JEN's focus is on delivering its smart meter replacement program pursuant to the LMRP, by undertaking the following activities:

- Develop a customer engagement plan with retailers at project commencement.
- Align retailer engagement with AEMC's smart meter deployment rules.
- Provide timely updates to AER and AEMO.
- Communicate with customers via email, carding, and flexible scheduling.
- Conduct site surveys to identify access or safety risks.
- Manage logistics, materials, and programming.
- Replace legacy meters with AMI meters.
- Remediate asbestos, panels, and enclosures.
- Conduct safety checks, testing, and responsible equipment disposal.

3.1.1 The options

At the time of preparing its LMRP, JEN had considered three options to meet the ASMD rule requirements with respect to smart meter deployment:

- **Option 1**: Maintain the current approach, allowing meters to be replaced through attrition, while continuing required inspection and safety programs (e.g. Neutral Service Integrity Testing). This would incur ongoing costs and extend exposure to compliance and safety risks. The total cost of this option was estimated at $16.0M over the period to CY2034.
- **Option 2**: Implement a targeted replacement programme to proactively upgrade all remaining legacy meters with Advanced Metering Infrastructure meters by June 2026. This option includes one-off Neutral Supply Tester testing in 2024 and capital expenditure for smart meters.
- **Option 3**: Defer meter replacement to the next regulatory control period (FY2027–FY2031), incurring Neutral Supply Testing NST testing and partial inspections in the interim. This approach spreads costs over a longer period but leads to extended risk and regulatory exposure. While less capital-intensive in the short term, it results in higher long-term operational costs and is inconsistent with upcoming regulatory requirements.

Option 2 was the preferred approach, as it is the most cost-effective and operationally efficient solution. It:

- improves safety through concurrent neutral integrity and meter installation checks.
- enhances customer experience via access to smart meter features such as flexible pricing and remote services.
- provides better network oversight and reduces the risk of theft, billing disputes, and power quality issues.
- aligns with retailer expectations and broader market reform objectives.

JEN's LMRP proposed Option 2, and that LMRP was approved by the AER on 1 September 2025, having been satisfied that it complies with the LMRP requirements set out in the NER.

3.1.2 The costs

LMRP development - The preparation of the LMRP, including the option analysis for replacing legacy meters, was conducted by JEN's existing staff. Therefore, the associated costs were funded from JEN's business-as-usual operating expenditure allowance and are not included in the cost estimate of the LMRP project.

LMRP implementation - The costs of deploying smart meters in accordance with the approved LMRP schedule are all incremental costs. They include the procurement costs of smart meters, resource costs for smart meter installations, as well as support and coordination expenses. Other costs are associated with activities such as customer communications, coordinating metering activities with AEMO, conducting metrology compliance audits and reviews, and disposing of removed legacy meters. External contractors primarily perform these works.

Based on the latest available information and forecasts, the estimated costs of procuring and installing smart meters to replace legacy meters under Option 2 is $13.28 million.

Key cost components	Explanations	Cost estimate (Real 2025$ unescalated)
JEN labour costs	The resource costs associated with reviewing new connections, resolving communication issues, transitioning tariffs, managing customer interactions, coordinating with AEMO, assessing and approving non-standard solutions, conducting metrology compliance audits, and overseeing project management.	$1,078,792
Metering material costs	The material costs of different types of meters, and the cost of disposal for removed meters	$1,978,952
Contractor project scoping cost	Expenditure associated with engaging external contractors to undertake detailed project scoping activities such as site inspections and feasibility assessments prior to implementation. These activities are essential for ensuring that projects are accurately defined, risks are identified early, and resources are appropriately allocated.	$1,859,905
Estimated legacy meter replacement cost	Forecast expenditure associated with meter replacement by the contractor, including any rectification works	$8,361,877

3.2 Implementing system and process changes (specified by AEMO)

Pursuant to the requirements of AEMO's MSR and the ASMD rule, JEN needs to implement a range of system and process changes to maintain interoperability with AEMO's market systems. In particular, to meet the requirements of MSR package 1, Jemena needs to: [8]

- publish LMRP dates for all remaining legacy meters to the AEMO MSATS system
- upgrade the Market Transaction Suite (**MTS**) meter software to a new version that accounts for the changes related to the rule.[9] This has some flow-on effects on several other systems.
- enable JEN's digital landscape — comprising a suite of interdependent systems and applications—to process the new, or modified, fields stemming from the rule (and associated data schema changes). For example, changes to the person and address field detail impacted multiple existing systems.
- ensure JEN's systems can exchange data according to the most current data standards with the market and other B2B businesses.

Figure 3–1 provides a high-level overview of the system components that need to be updated under the MSR package 1.

Figure 3–1: Impacted system components due to MSR

[8] The technical details about the system changes required are canvassed in the Participant Impact Assessment in AEMO's Metering Services Review – High Level Implementation Assessment.

[9] MTS is an Itron product which has close interaction with Itron Enterprise Edition (IEE), a meter data management system, and is responsible for publishing meter data to the market via a gateway. It is a suite of applications responsible for the import, validation and delivery of actual and estimated consumption data to the electricity market.

The system changes span multiple technical layers, including:

- database schema updates to support new data fields;
- modifications to front-end interfaces for data entry and display;
- enhancements to back-end processing logic to handle new workflows;
- adjustments to transport protocols to manage increased or new field detail; and
- Implementation and testing of acknowledgement mechanisms to confirm successful data transmission and processing across integrated systems.

Failure to meet AEMO's data specifications could lead to the following consequences:

- MSATS may reject data submissions that don't meet schema or validation rules, causing delays in meter replacement or market settlements
- inaccurate or missing data can affect retailers, metering coordinators, and customers—leading to billing errors, delayed meter replacements, or customer dissatisfaction
- JEN may need to manually rectify and resubmit data (and may involve AEMO or other participants)
- JEN may fail to meet regulatory obligations that require JEN to comply with AEMO's procedures and/or provide metering services in a specified manner.

Appendix D contains a table outlining the technical capabilities and software updates that JEN must develop to comply with the requirements of AEMO's MSR package 1, which has an effective date of 1 December 2025. These works, and their associated costs, are the subject of this cost pass through application as the costs are incurred within this current regulatory period.

The implementation work related to MSR packages 2 and 3 is anticipated to be undertaken during the 2026-31 regulatory period, despite some planning activities associated with these packages having already been completed within the current regulatory period. The forecast implementation costs of MSR packages 2 and 3 are included in JEN's revised proposal for the electricity distribution price review for the 2026-31 regulatory period.

3.2.1 The costs of compliance activities

To meet the requirements under Package 1 of the MSR, JEN has limited flexibility in achieving compliance. There are no alternative arrangements available that would allow JEN to avoid the identified costs for the necessary system changes.

Given the breadth of changes contemplated under the MSR, JEN has undertaken extensive planning to understand the MSR requirements and identify necessary system modifications to comply. The planning activities include:

- resource planning
- conceptual architecture design
- security threat modelling
- change impact assessment
- stakeholder analysis
- project management planning
- procurement activities, including conducting workshops with the software vendor and defining a statement of work (i.e. updates required for the Itron MTS meter software)
- participation in AEMO's MSR industry consultations

The incremental costs associated with the planning activities are approximately $0.44 million ($2025).

For the delivery of the system changes in relation to MSR package 1, as described above and illustrated in Figure 3–1, the estimated costs are $2.37 million ($2025) capital expenditure and $0.04 million ($2025) operating expenditure, totalling $2.40 million ($2025) overall. The majority of the costs are estimated based on the number of resources, their daily rates, and the forecast number of days required to implement the identified system changes. The cost forecast methodology is explained in section 3.4 and JEN's Pass Through Expenditure Model is contained in Appendix B.

3.3 The increase in costs

JEN's actual and likely increase in costs in the provision of direct control services, comprising both standard and alternative control services, due to the ASMD rule in this current regulatory period is $16.12 million ($2025). This cost estimate relates to the implementation of the LMRP (as discussed in section 3.1.2), as well as the digital system modifications required under the MSR package 1 (as discussed in section 3.2.1).

Table 3–1: JEN's incremental costs in implementing the ASMD rule within the current regulatory period ($million)

Real 2025 $million unescalated	Total		SCS		ACS	
	RY25	RY26	RY25	RY26	RY25	RY26
Total Capex	0.44	15.64	0.44	2.37		13.28
Non-recurrent Opex		0.04		0.04		
Recurrent-step Opex						
Total Opex		0.04		0.04		
Totex	**0.44**	**15.68**	**0.44**	**2.40**	**0**	**13.28**

Numbers may not add up due to rounding.

3.4 How the costs are estimated

Our costing approach is designed to ensure all estimates are:

- **Prudent** – limited to what is reasonably required to comply with the new obligations.
- **Efficient** – based on realistic resource levels and benchmarked market rates.
- **Incremental** – confined to new activities not already funded or recoverable through existing allowances.

Process for developing cost estimates

Costs were developed through JEN's standard business-case and governance process, which involves the following steps applied consistently across all obligation themes:

1. Assess the requirements of the ASMD rule and MSR to define the business outcomes and functional capabilities needed to achieve ongoing compliance.
2. Establish the system and process changes required to deliver those outcomes.
3. Identify the internal teams, contractors, and vendors needed to design, develop, test, and implement the required updates.
4. Assess delivery timeframes and dependencies for each activity.

5. Apply efficient benchmarked labour rates and vendor quotations to estimate costs for each resource or supplier.

6. Test the estimates for reasonableness and obtain approval through JEN's delegated governance and business-case processes.

Methodology used to model costs

All costs have been developed using a consistent modelling framework within the JEN's Pass Through Expenditure Model (Attachment A).

- **Project components** – Costs are grouped into two project components: MSR (package 1) and LMRP implementation. The MSR component includes program support and shared delivery costs that are shared across JEN's concurrent digital compliance programs (including this and other pass-through applications).[10] The cost of program support positions (e.g., project management, reporting, and change support) has been apportioned among these programs based on forecasted effort and benefit share to ensure no duplication or double recovery. This ensures support costs are efficiently allocated and remain incremental to business-as-usual resourcing.
- **Labour costs** – Calculated using daily labour rates that are market-tested, reviewed regularly, and reflect the typical costs of hiring staff with the required skill sets. These labour rates are consistent with the approach adopted in JEN's Victorian Emergency Backstop Mechanism cost pass through application, lodged on 7 June 2024, which the AER had reviewed and accepted as efficient and prudent. Resource inputs are expressed as days per month across the relevant project period, multiplied by the applicable rate for new internal or contracted staff roles. The forecasted day effort is estimated by JEN's subject matter experts and reviewed by JEN's delegated governance to ensure efficiency, as part of the internal business case approval processes.
- **Non-labour costs** – Derived from total vendor-quoted or estimated values, allocated across the delivery timeline based on a monthly percentage distribution reflecting expected spend profiles. Supporting evidence is provided in Appendix E.
- **Cost classification** – Each item is categorised as either *capital expenditure* or *operating expenditure* in line with JEN's accounting policies.
- **Price basis and escalation** – All costs are expressed in real $2025 terms (unescalated, unless otherwise stated). Inputs to the PTRM are calculated by escalating FY25–26 unescalated labour costs by one year of labour escalation, using the Wage Price Index (WPI) – the average of BIS Oxford Economics and DAE forecasts, consistent with the AER's Opex Model.

3.5 How we have minimised our costs

Given that the costs are incurred solely for compliance purposes, JEN has no discretion in deferring or avoiding the expenditure.

Some of the new fields introduced under the MSR, along with the associated data schema updates, offer potential long-term value beyond the immediate scope—for example, enhanced meter data information. That is, JEN could potentially leverage the new information fields to capture more data, enabling more efficient operations in the field, provided that JEN undertakes sufficient training for staff to learn how to record and interpret the data. However, implementation efforts and costs have been directed solely toward meeting rule compliance, rather than optimising broader business processes and procedures, to mitigate costs.

[10] A dedicated group within JEN, known as the Reform and Future Networks Program Leadership (**RAFN**), is responsible for managing key digital initiatives related to NEM reforms, such as the ASMD, Victoria Emergency Backstop Mechanisms 2, Market Interface Technology Enhancement, and the Flexible Trading Arrangements projects. RAFN costs have been explicitly costed and proportioned across JEN's concurrent digital compliance projects. Between 20% and 30% of this group's resources are allocated to supporting JEN's ASMD project.

4. Pass through application

This section demonstrates that the ASMD rule, including AEMO's subsequent MSR pursuant to the ASMD rule, qualifies as a positive change event and that our expenditures associated with this positive change event satisfy the requirements for an approval of a positive pass through amount under NER clause 6.6.1(a).

4.1 Positive change event

A positive change event is a pass through event that entails a DNSP incurring materially higher costs in providing direct control services than it would have incurred but for that event, but does not include a contingent project or an associated trigger event.

Section 4.2 explains why the ASMD rule constitutes a pass through event.

Section 3 demonstrates that JEN incurs materially higher costs in providing direct control services as a result of the event.

4.2 Eligible pass through event

A pass through event for a distribution determination must be one of the pass through events specified under the NER clause 6.6.1(a1), and it must satisfy the materiality threshold, addressed in section 4.3.

We submit that the ASMD rule constitutes a **regulatory change event** as defined in the NER and provided for in clause 6.6.1(a1)(1), being a change in JEN's regulatory obligation or requirement that:

- occurs during the course of a regulatory control period; and
- substantially affects the manner in which JEN provides direct control services; and
- materially increases the costs to JEN of providing direct control services.

The ASMD rule was made on 28 November 2024, which falls within the current regulatory control period. The ASMD rule requires DNSPs, among other things, to replace legacy meters and requires AEMO to modify its market procedures and systems to implement the reforms, which also implies an obligation for DNSPs to update their ICT systems accordingly. These actions materially increase the costs to JEN of providing direct control services, namely $16.12 million ($2025), as demonstrated in section 3.

In circumstances where the AER does not consider the ASMD rule would qualify as a regulatory change event, we submit that it constitutes a **service standard event** as defined in the NER and provided for in clause 6.6.1(a1)(2). The ASMD rule and AEMO's MSR have the effect of:

- substantially varying, during the course of a regulatory control period, the manner in which JEN is required to provide a direct control service, or
- altering, during the course of a regulatory control period, the nature or scope of the direct control services provided by JEN, and
- materially increases the costs to JEN of providing direct control services.

Direct control services refer to both standard control services, which cover the activities of updating JEN's ICT systems in accordance with the MSR requirements, and alternative control services, which cover JEN's activities of replacing legacy meters.

4.3 Materiality threshold

For the purpose of a positive passthrough event under NER clause 6.6.1, the NER defines a cost variation as being materially higher if the change in costs (as opposed to the revenue impact) that a DNSP has incurred and

is likely to incur, in any year of a regulatory control period, as a result of the event, exceeds 1% of the annual revenue requirement (ARR) for the DNSP for that regulatory year.

As detailed in section 3.3, the total costs JEN is likely to incur in 2025-26 as a result of the event are $16.06 million ($nominal). This represents 5.25% of JEN's ARR for that year.

Table 4–1: Total incremental expenditure up to 30 June 2026 ($million, Nominal)

	2024-25	2025-26
Expenditure incurred within the 2021-26 regulatory period	$0.44	$16.06
Annual revenue requirement	278.39	$306.08
Materiality	0.15%	5.25%

4.4 Date of the positive change event

For the purpose of NER clause 6.6.1(c)(2), we submit that the positive change event occurred on 28 November 2024 when the AEMC published its final determination for the ASMD rule.

4.5 Extension of time limit for positive pass through application

Clause 6.6.1(c) of the NER requires that a positive pass through application be submitted within 90 business days of the relevant positive change event occurring.

Based on the AEMC's final determination of the ASMD rule being the positive change event date, the time limit for the positive pass through application would have been 10 April 2025.

On 3 April 2025, JEN requested an extension of time for lodging a positive cost pass through application in response to the ASMD rule, citing reasons why it would be difficult to assess or quantify the effect of the relevant pass through event before the AER approving JEN's LMRP and while the AEMO had yet to develop the applicable procedures and guidelines.

In response, the AER extended the time limit for JEN to lodge its positive pass through application until 7 April 2026 pursuant to clause 6.6.1(k) of the NER. In its letter dated 13 May 2025, the AER was satisfied that significant uncertainty remains around the forecast costs and scope of obligations arising from the rule change, and therefore, a time extension is necessary to allow JEN to fully assess and quantify the costs associated with implementing the ASMD rule.

4.6 Eligible pass through amount

The eligible pass through amount refers to the increase in costs in the provision of direct control services that, as a result of the positive change event, JEN has incurred and is likely to incur until the end of the current regulatory period; or if the distribution determination for the next regulatory period does not make any allowance for the recovery of that increase in costs, the end of that regulatory control period.

As outlined in section 3.4, the increase in costs that JEN has incurred and is likely to incur as a result of implementing the ASMD rule, until 30 June 2026, totals $16.12 million ($2025).

For the purposes of this application, we submit that the eligible pass through amount in respect of the positive change event in this application is $16.12 million ($2025) under clause 6.6.1(c)(3) of the NER.

4.7 Positive pass through amount proposed

Pursuant to clause 6.6.1(c)(3) of the NER, JEN proposes a positive pass through amount of $0.13 million (nominal) that reflects the change in our required revenues for the current regulatory period to account for only the **Standard Control Services** (**SCS**) costs JEN incurs in relation to the ASMD rule, i.e. $2.84 million ($2025).

Treatment of incremental ACS capex costs

While JEN considers that it is also eligible to an Alternative Control Service (**ACS**) pass through amount relating to delivering its AER-approved LMRP program by 30 June 2026, we are electing not to seek that aspect of pass through revenue adjustment. This is because:

- Notwithstanding that our current revenue cap price control formula for ACS metering services includes a C-factor pass through mechanism, as the AER's recent draft decision for the 2026-31 regulatory control period at section 12.5.1.2 of Attachment 12 observes, this has not historically been used for metering services due to a lack of a fit-for-purpose pass-through process. Consequently, the draft decision proposes arrangements to clarify its future administration in the next regulatory control period.
- JEN's LMRP program costs are all capex costs, which JEN will incur by 30 June 2026, these being entirely in the 2025-26 financial year. JEN will therefore include these estimated capex costs in the ACS metering roll forward in its revised proposal in December 2025. This provides a cost recovery pathway that avoids the administrative burden of an ACS pass through application for the AER and JEN.
- ACS metering costs are not subject to a capital expenditure sharing scheme (**CESS**), which means JEN will not be penalised for prudently incurring these new obligation capex costs under the CESS. In contrast, it would incur a penalty for the SCS capex costs it will incur for the MSR obligations and associated SCS activities if not for this SCS pass through application.

Incremental SCS revenues

The proposed positive pass through amount reflects the changes in operating expenditure, return on capital, return of capital, tax allowance for the current regulatory period after factoring in the SCS costs JEN incurs with respect to the ASMD rule.

We used the SCS post-tax revenue models (**PTRM**) used for the 2025-26 pricing year to determine what the smoothed annual revenue requirement for 2024-25 and 2025-26 would be, with and without the incremental operating expenditure and capital expenditure associated with the implementation of the system changes associated with MSR. The differences in the smoothed ARR derived in the two PTRMs represent the required adjustments to our ARRs in 2024-25 and 2025-26. The two PTRMs are provided in Appendix C with this application.

Table 4–2: Change in ARR ($m Nominal)

Smoothed Revenue ($m, Nominal)	2024-25	2025-26
Without cost pass through	278.39	306.08
With cost pass through	278.39	306.21
Change in ARR	**0**	**0.13**

As prices have already been set for 2025-26, we propose to recover this positive pass through amount in 2026-27 by including an amount in the C factor in our revenue cap formulae for standard control services. We note that the AER has not made its final decision or set the price path for the next regulatory period. Accordingly, we are willing to work with the AER to determine which year works best to recover the positive pass through amount.

4.8 Evidence of costs

Section 3 of this application demonstrates that the costs are incurred solely as a consequence of the ASMD rule. It outlines the methodology, consideration and the quantum of the cost estimates that JEN has derived for the purpose of this cost pass through application.

Attachment A outlines JEN's Pass-Through Expenditure Model, which provides a bottom-up forecast of the cost estimates associated with the LMRP and MSR project components. Appendix E provides evidence of the non-labour cost estimate pertaining to the MSR project component – the SCS costs that JEN is seeking to recover in this pass through application.

Appendix A
Compliance checklist

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A1. Compliance checklist

This appendix provides summary information outlining how this pass through application submission and supporting materials comply with the NER pass through provisions (as set out in Cl 6.6.1). It references where the relevant information can be found.

Table 4–3: Pass through application compliance checklist

NER clause	Requirement	Compliance demonstration
6.6.1(a1)	(a1) Any of the following is a pass through event for a distribution determination: 1) a regulatory change event; 2) a service standard event; 3) a tax change event; 4) a retailer insolvency event; and 5) any other event specified in a distribution determination as a pass through event for the determination.	This application seeks approval of incremental cost recovery for a regulatory change event. See section 4.1.
6.6.1 (a)	If a positive change event occurs, a Distribution Network Service Provider may seek the approval of the AER to pass through to Distribution Network Users a positive pass through amount.	This whole application, including supporting materials, constitutes JEN's application for the AER's approval of a positive pass through amount. It demonstrates how JEN is incurring materially higher costs to comply with a positive change event.
6.6.1 (c)	To seek the approval of the AER to pass through a positive pass through amount, a Distribution Network Service Provider must submit to the AER, within 90 business days of the relevant positive change event occurring, a written statement.	With the time extension granted by the AER, this application was submitted within the timeframe specified by the AER. See sections 4.4 and 4.5.
6.6.1(c)(1)	A written statement must specify the details of the positive change event	The details of the ASMD rule and the MSR are outlined in sections 2.1-2.2. Sections 4.1 and 4.2 of this application explain how the ASMD rule constitutes a positive change event.
6.6.1(c)(2)	A written statement must specify the date on which the positive change event occurred	The event occurred on 28 November 2024, when AEMC made its final determination for the ASMD rule. See section 4.4.
6.6.1(c)(3)	A written statement must specify the eligible pass through amount in respect of that positive change event	The incremental costs to the end of the current regulatory control period are the eligible pass through amount. See section 4.6.
6.6.1(c)(4)	A written statement must specify the positive pass through amount the Distribution Network Service Provider proposes in relation to the positive change event	The requested positive pass through amount and the resulting revenue adjustment for the pass through amount are provided in the application. See section 4.7.

Appendix B
Expenditure Model

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B1. Expenditure Model

Refer to Attachment A – JEN - Pass Through Expenditure Model - ASMD[Confidential].

Appendix C
Calculating eligible pass through amount

C1. Calculating eligible pass through amount

JEN has undertaken the following steps to calculate the cost pass through amount:

2. Determined the incremental operating expenditure and capital expenditure for the 2021 to 2026 regulatory control period necessary to comply with the new requirements under the ASMD rule.

3. Added the expenditures associated with the ASMD rule —by year—to JEN's 2021-26 Post-tax Revenue Model (**PTRM**) update. This update was based on the approved version of our PTRM model, which incorporates the 2025-26 return on debt update.

4. Recalculated the smoothed annual revenue requirement based on the new costings.

5. Subtracted the updated smoothed annual revenue requirement from the original version of the PTRM to determine the eligible pass through amount.

The models used to undertake this exercise are:

– Attachment B - AER - JEN 2021-26 Final Decision SCS PTRM - 2025-26 RoD update (inc VEBM CPT).xlsm

– Attachment C - AER - JEN 2021-26 Final Decision SCS PTRM - 2025-26 RoD update (inc VEBM CPT) - ASMD Update.xlsm

The difference in the smoothed revenue requirement between these two PTRMs is provided in section 4.7.

Appendix D
MSR package 1 project scope

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D1. JEN's project scope for MSR package 1

Table D1-1 provides an overview of the project scope for delivering the required capabilities as under the MSR package 1.

Table D1–1: JEN's project scope for MSR package 1

Item No	MSR Package 1 work component	Description of the capabilities required
IS-01	Package 1: Legacy Meter Replacement Plan (LMRP)	• Ability for Jemena systems to help the business users identify legacy meters and related key information, e.g., NMI • Ability for Jemena business users to prepare BUT data file(s) for legacy meters with LMRP date (format dd-mmm-yyyy) for each record • Ability for Jemena users to use AEMO's BUT tool to populate LMRP data in MSATS for all legacy meters and verify the update • Ability for Jemena systems to continue the use of CR 5050/51 change requests and CR 5100/01 change notifications without the introduction of LMRP in the structure
IS-02	Package 1: Metering Installation Defects	• Ability for Jemena's Standing Data Repository (IS-U applications) to handle Defect fields introduced in the rule and include them in the automated data query process. • Ability to augment Jemena's current defect management process to handle Defect fields introduced in the rule. • New Business process to ensure the defect flag is removed in Jemena's system • Ability for Jemena's Standing Data Repository (IS-U applications) to automatically generate a CR with change request code 5301 with relevant Defect information. • Ability for Jemena systems to dispatch CR 5301 change request to AEMO • Ability for Jemena systems to receive inbound CR 5301 notifications, carrying defect information from external MCs. • Ability for Jemena's Standing Data Repository (IS-U applications) and Market Systems Interface application (MSI) to handle inbound aspects of defect fields introduced by the rule.
IS-03	Package 1: Shared isolation / Shared Fusing Meter Replacement	• v3.9 of the IEC consultation considers the coordination requirements for shared isolation as well as the business-to-business changes to accommodate meter exchanges for LMRP sites and those sites with defects. Jemena integrated systems (webMethods/MSI) must be amended to accept and process the service orders. • Ability for Jemena systems to auto-reject (Business Rejection) Service Order requests with a new subtype
IS-04	Package 1: RoLR (Retailer of Last Resort) processes review	• Retailer of Last Resort (RoLR) Documentation updates and reports

Item No	MSR Package 1 work component	Description of the capabilities required
IS-05	Embedded Network Settlement Anomalies	• Ability for Jemena's Market Systems Interface application (MSI) to allow manual creation and dispatch of a CR 4060 change request for an Embedded Network Child NMI, when required
IS-06	Package 1/Schema upgrade: Adjustments to schemas to account for relevant ICFs for compliance from B2B procedures.	• Ability for Jemena integrated systems to accept, validate and process B2B transactions with an aseXML schema r46 • B2B v3.9 has the following in scope: ➢ Shared Fusing Meter Replacement Procedure ➢ Person Name definition update ➢ Alignment of address data to the Technical Delivery Specification
IS-07	Package 1/Schema upgrade: Adjustments to schemas to account for relevant ICFs for compliance from B2M procedures.	• Ability for Jemena integrated systems to operate using B2M aseXML schema r46 • In addition, AEMO will roll the following changes into the Package 1 Release: ➢ ICF-077 Last Consumer Change Date (LCCD) Automation ➢ ICF-078 BuildingOrPropertyName2 in B2M Procedures ➢ ICF-079 NEM12 MDFF Inconsistencies ➢ RoLR processes review ➢ Embedded Network Settlement Anomalies
IS-08	Package 1: Upgrade to iTron MTS application to account for MSR rule	• Vendor iTron will provide two versions of the MTS software: ➢ MTS Version 3.8.1 (a branched version of the current MTS production version which accounts for the schema version change to r46 only. Enables options for key October 26th 2025 milestones) ➢ MTS Version 4.2 (version of MTS accounting for MSR rules needed for 1st December rule effective date These will be used throughout implementation and testing
IS-09	Package 1: Upgrade to primary and downstream systems to account for MSR rule	• As a result of the rule and schema changes, modifications will be needed to primary downstream systems. These are: **Primary** • webMethods • MSI • SAP ISU AMI and SAP ISU ERP **Downstream** • SAP BW/4HANA and DW

Item No	MSR Package 1 work component	Description of the capabilities required
		• EDP • Fuse • OMS • GIS • Skilltech
IS-10	Package 1: MSATS Reports	• Ability for Jemena systems to receive and process LMRP and Metering Installation Defect-related attributes through MSATS Report Response for C1, C4, C7 reports
IS-11	Package 1: RM29 -Standing Data Quality (SDQ) weekly Report	• Ability for Jemena systems to receive and process new RM29 (regular weekly) SDQ (Standing Data Quality) reports in the MC role to identify LMRP and Metering Installation Defect anomalies
IS-12	Package 1: Enhanced Validation Module	• Ability for Jemena systems to incorporate additional enumerated values, including functioning with the updated EVM
IS-13	Package 1: Hazard Description	• Ability for Jemena systems to incorporate additional Hazard Description detail introduced by the rule.
IS-14	Package 1-3: Rule Obligation Mapping	• Create a matrix tracing rule obligations through to digital system requirements to ensure alignment and compliance with ASMD rule.

Appendix E
Evidence of non-labour cost

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E1. Evidence of non-labour cost for MSR package 1

Refer to Attachment D – JEN – ASMD Cost pass through – Statement of Work – Jemena AEMO r46 Schema & Dec-25 MSR Release [Confidential].

Attachment D sets out the Statement of Work agreement between JEN and Itron (vendor) to acquire software updates to JEN's Market Transaction System to comply with the relevant B2B/B2M schema changes and changes under the MSR package 1. It contains the agreed fees for the requested work. This is the only non-labour cost pertaining to the MSR package 1 project component in JEN's Pass Through Expenditure Model (Attachment A).

Appendix F
Claims for confidentiality

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F1. Claims for confidentiality

The following table identifies specific sections of this passthrough submission that JEN claims to be commercial-in-confidence and the basis of the claim. These claims are consistent with the requirements set out in the AER's Confidentiality Guideline (August 2017).

JEN has provided reasons detailing how and why disclosure of the information would cause detriment to the business. JEN understands that this confidential information being available to the AER to perform its functions under the rules provides a public benefit, and has assessed that, in all identified cases, JEN's confidentiality reasons, together with the benefits already realised through the AER's confidential use of this data, are not outweighed by any additional public benefit to disclosure of the information.

Table F1–1: Claims for confidentiality

Document title	Title, page and paragraph number	Description of the confidential information	Topic the confidential information relates to	Confidentiality category	Why the confidential information falls into the selected category	How and why detriment would be caused from disclosing the confidential information	Reasons supporting why the identified detriment is not outweighed by the public benefit
Jemena Electricity Networks (Vic) Ltd Pass Through Application – Accelerating Smart Meter Deployment rule (**Cost pass through application, this document**)	Page 11: Figure 3–1 Impacted system components due to MSR	Information about JEN's system architecture and changes to specific system components	ICT system architecture	Information affecting the security of the network	Information about JEN's systems and changes to specific system components is highly sensitive and may reveal vulnerabilities of JEN's ICT system	Public disclosure could increase JEN's risk of cyber-attacks, compromising JEN's ability to maintain its system securely, therefore potentially leading to higher costs in the future.	While the potential detriment of publication is evident, JEN considers there to be no clear public benefit in disclosing the information.
Appendix B/ Attachment A of the Cost pass through application, JEN's Pass Through Expenditure Model	Whole model	Information about daily rates of resources, quotes provided by vendors, JEN's estimates of resource efforts for	Cost estimates of JEN's MSR project	Market-sensitive information	JEN's labour rates and vendors' quotes are commercial in confidence and maintaining confidentiality ensures	Public disclosure could impact Jemena's ability to procure resources in the future, meaning customers may be more exposed to	While the potential detriment of publication is evident, JEN considers there to be no clear public benefit in disclosing the information.

		specific work tasks.			rigour to commercial negotiations.	higher costs in the future.	
Appendix E/ Attachment D – JEN – ASMD Cost pass through – Statement of Work – Jemena AEMO r46 Schema & Dec-25 MSR Release [Confidential]	Whole of Attachment D	Information about the agreed vendor fees for software updates	The pricing and payment terms of the software updates provided by vendor	Market-sensitive information	JEN's statement of work agreement is commercial in confidence and maintaining confidentiality ensures rigour to commercial negotiations.	Public disclosure could impact Jemena's ability to procure resources in the future, meaning customers may be more exposed to higher costs in the future.	While the potential detriment of publication is evident, JEN considers there to be no clear public benefit in disclosing the information.

Table F1–2: Proportion of confidential material

Submission Title	Number of pages of submission that include information subject to claim of confidentiality	Number of pages of submission that do not include information subject to claim of confidentiality	Total number of pages of submission	Percentage of pages of submission that include information subject to claim of confidentiality	Percentage of pages of submission that do not include information subject to claim of confidentiality
JEN Pass through application – ASMD [this document]	1	36	37	3%	97%
Appendix B/ Attachment A of the Cost pass through application, JEN's Pass Through Expenditure Model	6	0	6	100%	0%

For the purpose of claiming confidentiality, we interpret each worksheet in the Expenditure Model to represent one page.