Jemena Electricity Networks (Vic) Ltd

2026-31 Electricity Distribution Price Review - Revised Regulatory Proposal

Supporting justification document

VEBM2 pass through application

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1. VEBM2 Reform

The Victorian Government established the Victorian Emergency Backstop Mechanism in orders made in 2023 and 2024 (**VEBM1**) to ensure all new and replacement variable distributed photovoltaic (**DPV**) systems connected to Victorian distribution networks can be remotely interrupted or curtailed when the relevant distribution network service provider (**DNSP**) is directed by the AEMO in a minimum system load event.

The Victorian Government updated the licence conditions to deliver the updated VEBM in October 2025. The key obligations in the updated licence conditions (**VEBM2**) gazetted on 8 October 2025 that drive changes to JEN's systems and capabilities relate to:

- Installer notifications – near real-time testing of the connection between an inverter and our utility server (clause 16(2))
- Customer notifications – customers need to be notified within 24 hours about disconnections that persist outside of the curtailment or network testing period (clauses 13.2(c) and 14.9)
- Reporting obligations – new requirements to provide detailed information about curtailments within 10 business days, which require upgrades to our underlying databases to ensure information can be readily provided in the new reporting window (clause 18)
- Establishing or altering a connection – new requirements to restore the utility server as soon as possible require significant additional redundancy to be built into the systems (clause 16.2(b)).
- In addition to the above significant changes, customer procedures are also affected by the updated obligations.

JEN has implemented most of its digital, operational and reporting arrangements for the 2024 VEBM1 commencement, and funded these through a pass through application approved by the AER on 20 September 2024. VEMB2 requires new systems capabilities, operating processes and installer interface arrangements to comply with the service obligations added to our licence conditions to implement the VEBM2 immediately, which we had not included in our initial regulatory proposal.

Most of the implementation costs for VEBM2 will be incurred in the current regulatory period, but there will be incremental ongoing operating expenditure incurred over the next regulatory period which are not reflected in our base year operating expenditure.

We set out in VEBM2 Pass through application more details on the VEBM2 obligations and the options we have considered to comply with the new obligations our recommended option to comply and total associated costs across current and next regulatory period. Table 1–1 summarises our forecast costs to comply with the new VEBM2 obligations over the next regulatory period.

Table 1–1: Forecast VEBM2 reform costs (2026$M)

VEBM2 $2026	Initial regulatory proposal	Revised regulatory proposal
Non-recurrent Capex	Not Applicable	0.3
Non-recurrent Opex	Not Applicable	0
Recurrent step opex	Not Applicable	9.2

Jemena Electricity Networks (Vic) Ltd

Pass through application

Victorian Emergency Backstop Mechanism 2

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Glossary

CSIP-AUS	CSIP-AUS means the Common Smart Inverter Profile Australia Technical Standard, SA TS 5573:2025, published by Standards Australia June 2025 and as amended from time to time or if superseded, the document(s) listed by Standards Australia as superseding the Standards Australia Technical Standard 5573:2025. SA TS 5573:2025 supersedes SA HB 218:2023, however SA HB218:2023 will remain current for 12 months from 27 June 2025
Materially	For the purposes of the application of clause 6.6.1, an event results in a Distribution Network Service Provider incurring materially higher or materially lower costs if the change in costs (as opposed to the revenue impact) that the Distribution Network Service Provider has incurred and is likely to incur in any regulatory year of a regulatory control period, as a result of that event, exceeds 1% of the annual revenue requirement for the Distribution Network Service Provider for that regulatory year.
Regulatory change event	A change in a regulatory obligation or requirement that: (a) falls within no other category of pass through event; and (b) occurs during the course of a regulatory control period; and (c) substantially affects the manner in which the Transmission Network Service Provider provides prescribed transmission services or the Distribution Network Service Provider provides direct control services (as the case requires); and (d) materially increases or materially decreases the costs of providing those services.
Service standard event	A legislative or administrative act or decision that: (a) has the effect of: (i) substantially varying, during the course of a regulatory control period, the manner in which a Transmission Network Service Provider is required to provide a prescribed transmission service, or a Distribution Network Service Provider is required to provide a direct control service; or (ii) imposing, removing or varying, during the course of a regulatory control period, minimum service standards applicable to prescribed transmission services or direct control services; or (iii) altering, during the course of a regulatory control period, the nature or scope of the prescribed transmission services or direct control services, provided by the service provider; and (b) materially increases or materially decreases the costs to the service provider of providing prescribed transmission services or direct control services.
Network device	Apparatus or equipment that: (a) enables a Local Network Service Provider to monitor, operate or control the network for the purposes of providing network services, which may include switching devices, measurement equipment and control equipment; (b) is located at or adjacent to a metering installation at the connection point of a retail customer; and (c) does not have the capability to generate electricity.
Stage 1 Order	Ministerial Order specifying licence condition 2023 (No.1) (Stage 1 Order) in Victoria Government Gazette No. S 542 Wednesday 11 October 2023
Stage 2 Order	Ministerial Order specifying licence condition 2024 (Stage 2 Order) in Victoria Government Gazette No. S 31 Wednesday 31 January 2024, and Amendment of Ministerial Order Specifying Licence Condition 2024 in Victoria Government Gazette No. S 336 Friday 21 June 2024.
VEBM1 Orders	The Victorian Government implemented the VEBM1 via two Ministerial Orders under section 33AB of the Electricity Industry Act 2000 (the VEBM1 Orders):

	• Ministerial Order specifying licence condition 2023 (No.1) (Stage 1 Order) in Victoria Government Gazette No. S 542 Wednesday 11 October 2023 • Ministerial Order specifying licence condition 2024 (Stage 2 Order) in Victoria Government Gazette No. S 31 Wednesday 31 January 2024, and Amendment of Ministerial Order Specifying Licence Condition 2024 in Victoria Government Gazette No. S 336 Friday 21 June 2024.
VEBM2 Order	The Victorian Government implemented the VEBM2 via a Ministerial Order under section 33AB of the Electricity Industry Act 2000 (the VEBM2 Order) Ministerial Order Specifying Licence Condition 2025 No.S 553 on Thursday 9 October 2025.

Abbreviations

Abbreviation	Meaning
ACT	Australian Capital Territory
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
ARR	Annual revenue requirement
CER	Customer energy resources
CoES	Certificate of electrical safety
CTS	CSIP-Aus test suite
CSIP-AUS	Common smart inverter profile Australia
DAPR	Distribution annual planning report
DEECA	Department of Energy, Environment and Climate Action
DERMS	Distributed energy resources management system
DNSP	Distribution network service provider
DPV	Distributed photovoltaic
EDP	Electricity distribution portal
EBCI	Emergency Backstop Continuous Improvement
EG	Embedded generation
EGA	Embedded generation application
EGEBR	Embedded generation emergency backstop requirements
ESC	Essential Services Commission
FTE	Full-time equivalent
GMM	Generation monitoring meter
ICCP	Inter-control centre communications protocol
JEN	Jemena Electricity Networks (Vic) Ltd, ACN 064 651 083
kVA	Kilovolt-amperes
LV	Low voltage
MSL	Minimum System Load
MVA	Megavolt-amperes
NER	National Electricity Rules
NMI	National meter identifier
NSW	New South Wales
OEM	Original equipment manufacturer
PTRM	Post-tax revenue model

QA	Quality assurance
RAFN	Reform and Future Networks
RTU	Remote terminal unit
SCADA	Supervisory control and data acquisition
SCS	Standard control services
TNSP	Transmission network service provider
VEBM	Victorian emergency backstop mechanism
VEBM1	The program to comply with the VEBM1 Orders
VEBM2	The program to comply with the VEBM2 Order

Overview

This submission provides Jemena Electricity Networks (Vic) Ltd's (**JEN**'s) application to the Australian Energy Regulator (**AER**) to recover costs associated with the Victorian Government's updated licence conditions to deliver the updated Victorian Emergency Backstop Mechanism (**VEBM**). This application is provided in accordance with National Electricity Rule (**NER**) clause 6.6.1.

The Victorian Government initially established the VEBM via orders made in 2023 and 2024 to ensure all new and replacement variable distributed photovoltaic (**DPV**) systems connected to Victorian distribution networks can be remotely interrupted or curtailed when the relevant distribution network service provider (**DNSP**) is directed by the Australian Energy Market Operator (**AEMO**) in a minimum system load event.

The key obligations in the updated VEBM licence conditions gazetted in the 8 October 2025 order that drive changes to JEN's systems and capabilities are those relating to:

- Installer notifications – near real-time testing of the connection between an inverter and our utility server (clause 16(2))
- Customer notifications – customers now need to be notified within 24 hours about disconnections that persist outside of the curtailment or network testing period (clauses 13.2(c) and 14.9)
- Reporting obligations – we face new requirements to provide detailed information about curtailments within 10 business days, which require upgrades to our underlying databases to ensure information can be readily provided in the new reporting window (clause 18)
- Establishing or altering a connection – new requirements to restore the utility server as soon as possible require significant additional redundancy to be built into the systems (clause 16.2(b)).

In addition to the above significant changes, customer procedures are also affected by the updated obligations.

These incremental investments in systems and capabilities were not forecast in:

- the scope and costs allowed in our current 2021-26 price determination,
- the AER determination on JEN's Victorian Emergency Backstop Mechanism Cost Pass Through application in September 2024 relating to the stage 1 and stage 2 VEMB Orders.

We are incurring these new costs now to comply with the 2025 VEBM Order and its 8 October 2025 commencement date.

Our actual and forecast increase in costs to deliver the updated VEBM obligations total $17.332m[1] for the period to 30 June 2026. This application sets out the measures we have taken to efficiently minimise these incremental costs, and the activities we have excluded from our requested passthrough amount.

When translated into a revenue adjustment for the 2025-26 pricing year, the incremental required revenue increase is 0.2%.[2]

Whilst the updated VEBM is a government-mandated obligation on JEN, establishing the updated VEBM capabilities will deliver benefits to our customers by:

- enabling continual uptake of photovoltaic generation, allowing customers to lower their electricity bills through self-consumption of their self-generated electricity,
- continuing to provide a safe and secure supply that benefits all customers through the effective management of grid stability by AEMO,
- reducing installers administrative effort and time, thereby supporting lower DPV costs for customers, and

1 Real 2025 unescalated.

2 We note that the AER may choose to smooth this revenue impact into the next regulatory control period.

- better aligning Victorian installer emergency backstop mechanism interfaces with those being established in other Australian jurisdictions (like NSW and ACT) which will over time help remove barriers to more solar DPV vendors making product and service offerings to Victorian customers.

1. About this pass through application

1.1 Purpose

This submission provides Jemena Electricity Networks' (**JEN**'s) application to the Australian Energy Regulator (**AER**) to recover costs associated with the Victorian Government's updated licence conditions imposed on JEN to deliver updated and increased Victorian Emergency Backstop Mechanism (**VEBM**) functionality (referred to herein as **VEBM2**). This application is provided in accordance with National Electricity Rule (**NER**) clause 6.6.1.

1.2 About the VEBM2 pass through event

As Victoria progresses to its legislated net zero emissions goals, increasing penetration of variable distributed photovoltaic (**DPV**) systems[3] has seen record minimum operational demand levels, and an increasing risk of minimum system load emergency events in our state.

In response, the Victoria Government designed and mandated an initial VEBM in 2023, which commenced in 2024 and has subsequently been revisited for additional mandated requirements in 2025.

The VEBM requires that all new and replacement DPV systems connected to Victorian distribution networks can be remotely interrupted or curtailed when the relevant distribution network service provider (**DNSP**) is directed by the Australian Energy Market Operator (**AEMO**) in a minimum system load event. AEMO directions will only be made when AEMO deems these as necessary to maintain whole of system security.

JEN has implemented most of its digital, operational and reporting arrangements for the 2024 VEBM commencement, and funded these through a pass through application approved by the AER on 20 September 2024.

VEMB2 requires new systems capabilities, operating processes and installer interface arrangements to comply with the service obligations added to our licence conditions to implement the VEBM2 immediately.

Section 4 sets out a reconciliation between the VEBM1 obligations, JEN's implementation solution and VEBM1 pass through costs to the amended requirements, solutions and costs of VEBM2.

1.3 Relevant rules and regulatory instruments

1.3.1 VEBM1 regulations

The VEBM was implemented in two stages:

- Stage 1 commenced from 25 October 2023 and applied to new and replacement DPV systems greater than 200 kilovolt-amperes (**kVA**) and no more than 30 megavolt-amperes (**MVA**), requiring that, from 1 January 2024, these be capable of remote interruption or curtailment by the relevant DNSP
- Stage 2 commenced from 1 October 2024 and applied to new and replacement DPV systems 200 kW and below.

The Victorian Government implemented the VEBM1 via two Ministerial Orders under section 33AB of the Electricity Industry Act 2000 (**the VEBM1 Orders**):

- Ministerial Order specifying licence condition 2023 (No.1) (**Stage 1 Order**) in the Victoria Government Gazette No. S 542 Wednesday 11 October 2023

[3] Referred to as relevant embedded generating units in the VEBM Orders.

- Ministerial Order specifying licence condition 2024 (**Stage 2 Order**) in the Victoria Government Gazette No. S 31 Wednesday 31 January 2024, and Amendment of Ministerial Order Specifying Licence Condition 2024 in Victoria Government Gazette No. S 336 Friday 21 June 2024.

Our VEBM licence conditions are enforced by the Victorian Essential Services Commission (**ESC**), and the VEBM Orders establish annual reporting obligations on us to support this.

1.3.2 VEBM2 regulations

A recent further VEBM Ministerial Order, 'Ministerial Order Specifying Licence Condition 2025', was issued on 9 October 2025 with immediate effect (**VEBM2 Order**). This is provided in Appendix B.

The VEBM2 Order varies obligations for:

- establishing or altering a connection of a relevant photovoltaic microgeneration unit as described in section 4.3.4
- administering notification requirements when interrupting or curtailing generation as described in section 4.4.4
- establishing customer-related procedures as described in section 4.5.4
- meeting reporting obligations as described in section 0

The VEBM2 Order also establishes new requirements for installer notifications as described in section 4.7.4.

1.3.3 NER pass through rules

NER clause 6.6.1 establishes the requirements and process for DNSPs and the AER to administer revenue adjustment arrangements for eligible cost pass through events. Relevant to this application, this clause establishes:

- the eligible pass through events, requirements for a positive pass through event application,
- arrangements for the timing of an application and the AER's decision thereon,
- consultation requirements on the AER, and
- relevant factors the AER will consider when deciding upon a cost passthrough application.

For context, the AER approved JEN's VEBM1 passthrough application in September 2024.[4]

1.4 Structure of this application

This application is structured to address the NER clause 6.6.1 requirements:

- Section 2 details the positive pass through event and the required eligible pass through amount
- Section 3 details the incremental costs that JEN is incurring as a result of the positive pass through event and addresses the cost related rule requirements
- Section 4 provides a reconciliation between the VEMB1 obligations, JEN's implementation solution and VEBM1 pass through costs to the amended requirements and solutions of VEBM2.

This application is supported by the following appendices:

- Appendix A provides a compliance checklist and confidentiality claims (appended to this document)

[4] AER, *Determination | Jemena - Victorian Emergency Backstop Mechanism Cost Pass Through*, September 2024.

- Appendix B provides the VEBM2 Order (provided in a separate document)
- Appendix C provides JEN's Pass Through Expenditure Model [Confidential] (provided in a separate document, *Appendix C - JEN Pass-Through Expenditure Model – VEBM2 - 20251105 - Confidential)*
- Appendix D provides JEN's 2021-26 Post-tax Revenue Model (**PTRM**) update incorporating the eligible pass through amount. This update was based on the approved version of our PTRM model "AER - Jemena electricity PTRM - 2025-26 Return on debt update (inc VEBM CPT) - March 2025", which incorporates the 2025-26 return on debt update (provided in a separate document, *Appendix D - AER - JEN 2021-26 Final Decision SCS PTRM - 2025-26 RoD update (inc VEBM CPT) update*)
- Appendix E provides evidence of vendor quotes and cost estimates [Confidential] (provided in a separate document, *Appendix E - JEN Pass-through vendor quotes and costs - VEBM2 - 20251104 - Confidential)*
- Appendix F provides descriptions of the roles to be filled under VEBM2 (provided in a separate document, *Appendix F - JEN Pass-through role descriptions - VEBM2 - 20251104 - Public*).

2. What we are seeking and why

This section explains the eligibility trigger for this pass through application. It then steps through the costs we are seeking to recover and how these costs affect our required revenue adjustment and customer prices. Finally, this section notes how our new VEBM2 capabilities necessary to meet this Victorian government mandate will benefit customers.

2.1 The VEBM2 event changes our obligations and costs

The VEBM2 event occurred on 9 October 2025 when the VEBM2 Order was gazetted. This event was not contemplated when our 2021-26 electricity distribution price review determination was made. The changes create new obligations and costs necessarily incurred relative to the service scope and funded activities in the 2021-26 determination by imposing new license obligations on us which we must comply with this year.

The new obligations and our associated incremental costs to meet these are detailed in section 0.

2.2 Form of eligible pass through

The Victorian Government's mandating of the VEMB2 as new and amended licence obligations on Victorian DNSPs via the VEBM2 Order represents a **service standard event** as defined in NER Chapter 10 and provided for in clause 6.1.1(a1)(2) that has occurred during the course of the current regulatory control period. In its VEBM1 pass through determination the AER was '*satisfied that Jemena's cost pass through meets the requirements for a service standard event*.[5]

The VEBM2 Order, as enacted through the order made under section 33AB(1)(a) of the Electricity Industry Act 2000, is a legislative act that:

- imposes new minimum service standards regarding the connection of solar microgeneration units up to 200kVA
- alters the scope of the direct control services provided by Victorian DNSPs during the course of the current regulatory control period
- materially increases the costs of providing those services during the course of the current regulatory control period.

The new obligations and our activities required to meet these are detailed in section 3.1 and section 4.

We note that in circumstances where the AER considers our new VEBM licence obligations do not qualify as a service standard event, this application also seeks approval of a **regulatory change event** as defined in NER Chapter 10 and provided for in clause 6.1.1(a1)(1). As this application demonstrates, the VEBM orders are a change in a regulatory obligation or requirement that:

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

2.2.1 Date the positive change event occurred

For the purpose of this application and compliance with NER clause 6.6.1(c), 9 October 2025 is the date on which the positive change event occurred. This is the date of the gazetting of the VEBM2 Order, which represents the finalisation of all the changes to licence conditions in relation to the VEBM2. The licence condition changes are

[5] AER, Determination | Jemena - Victorian Emergency Backstop Mechanism Cost Pass Through, Sep 2024, p.7.

the service standard event trigger, and to fully understand the extent of the service standard event it is necessary to complete the licence condition changes for both stages.

The 90 business day compliant period for lodging this pass through application concludes on 10 February 2026 after accounting for the following Victorian public holidays: Melbourne Cup Day – Tuesday, 4 November 2025, – Christmas Day – Thursday, 25 December 2025, Boxing Day (substitute) – Friday, 26 December 2025, New Year's Day – Thursday, 1 January 2026, Australia Day (observed) – Monday, 26 January 2026.

This application was submitted on 6 Nov 2025.

2.3 Costs we need to recover

The actual and likely increase in costs JEN will incur that have driven the positive pass through amount involves total expenditure of $17.332m for the period to 30 June 2026. A breakdown of these costs by expenditure type and year is provided in Table 2–1.

Table 2–1: Total incremental VEBM2 expenditure to 30 June 2026 (real 2025$, unescalated)

Expenditure type	2024-25	2025-26	Total
Operating expenditure	21,267	497,968	519,234
Capital expenditure	545,050	16,267,722	16,812,772
Total expenditure	**566,317**	**16,765,690**	**17,332,007**

2.3.1 Costs exclusions

The costs outlined in Table 2–1 do not include:

- any amount in respect of expenditure for a restricted asset as required by NER clause 6.6.1(c1)
- any amount relating to an approved contingent project – JEN did not have a contingent project relating to the VEBM in its 2021-26 electricity distribution price review determination
- any amounts that will be recovered through alternative control services or negotiated services – JEN is not seeking recovery under this application where the curtailment functionality is installed as a part of a connection made under a negotiated connection offer. In this case, VEBM2 Order costs for the cost recovery of the non-market metering costs will be recovered as part of the negotiated connection offer
- costs relating to the VEBM1 Orders (unless otherwise stated due to delayed deployment or scope realignment required to meet VEBM2 obligations)
- costs associated with the proposed Inter-Control Centre Communications Protocol (**ICCP**) link, whose implementation has until now been delayed but is expected to be completed before the end of the regulatory period, are not included in the VEBM2 application
- costs of existing staff who have worked on the project where those staff have not been backfilled, nor the cost associated with deferring other projects to meet the obligations under the VEBM2 Order.

2.3.2 Meeting the 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.

The additional operating expenditure and capital expenditure arising from meeting our new VEBM obligations greater than 1% of our ARR established in the PTRM from the AER's electricity distribution price review determination for our current regulatory control period.

Table 2–2 shows how we will incur a material change in costs due to the VEBM service standard event.

Table 2–2: Total incremental VEBM expenditure to 30 June 2026 ($ million, nominal)

Expenditure type	2024-25	2025-26
Total expenditure	0.566	17.178
Annual revenue requirement	278.39	306.08
Materiality	**0.2%**	**5.6%**

2.3.3 Pass through amount

We have calculated the proposed positive pass through amount as the change in our required revenues for the 2021-26 regulatory period due to the positive change event. That is, our proposed positive pass through amount incorporates the operating expenditure, return on capital and return of capital, as well as consequential tax allowance changes for the 2021-26 regulatory period arising from the incremental VEBM2 compliance expenditure.

We used the Standard Control Services (**SCS**) PTRM used for the 2025-26 pricing year with the incremental capital expenditure and operating expenditure – as noted in this application – to determine a new smoothed ARR. We then deducted the smoothed ARR from a version of the PTRM without the incremental operating expenditure and capital expenditure included to calculate the pass through amount. This model is provided as Appendix D with this application. Based on this approach, we have calculated the required positive pass through amount to be $0.6 million ($Nominal).

2.3.4 Indicative price impacts

As noted in Appendix D, the impacts to customer bills are constrained to the last regulatory year of the 2021-26 regulatory control period. Based on this, the indicative bill impact of this pass through is 0.2% for an average customer. For a residential customer, which equates to an increase of approximately 0.07% relative to the Victorian Default Offer prices.

2.4 How compliance with the VEBM2 benefits our customers

Whilst the VEBM is a government mandated obligation on JEN, we note that establishing the capability to deliver the VEBM2 will deliver the following benefits to our customers:

- enables continual uptake of photovoltaic generation, allowing customers to lower their electricity bills through self-consumption of their self-generated electricity,
- continues to provide a safe and secure supply that benefits all customers through the effective management of grid stability by AEMO,
- reduces the administrative effort and time of installers, thereby supporting lower DPV costs for customers, and
- better aligns Victorian installer emergency backstop mechanism interfaces with those being established in other Australian jurisdictions (like NSW and ACT) and will thereby over time help remove barriers to more solar DPV vendors making product and service offerings to Victorian customers.

3. How our requested costs meet the passthrough rules

Appendix A provides a compliance checklist for how our application and supporting materials meet the rule requirements. This section addresses rules 6.6.1(c)(6)(i) and 6.6.1(c)(6)(ii). In it we set out the new obligations, our approach to meeting those obligations, how we have costed those obligations, and how we have minimised those costs and ensured they are only incremental SCS costs.

3.1 Activities to comply with our updated licence obligations

The key obligations in the VEBM2 Order that drive changes to JEN's systems and capabilities are those relating to:

- **Installer notifications** – near real-time testing of connection between an inverter and our utility server (clause 16(2))
- **Customer notifications** – customers now need to be notified within 24 hours about disconnections that persist outside of the curtailment or network testing period (clauses 13.2(c) and 14.9)
- **Reporting obligations** – we face new requirements to provide detailed information about curtailments within 10 business days which require upgrades to our underlying databases to ensure information can be readily provided in the new reporting window (clause 18)
- **Establishing or altering a connection** – new requirements to restore utility server as soon as possible require significant additional redundancy to be built into the systems (clause 16.2(b)).

In addition to the above significant changes, customer procedures are also affected by VEBM2. However, most new requirements (including network testing) can be addressed with limited new functionality or staff and are therefore fairly immaterial to the incremental costs.

In section 4, we provide a detailed reconciliation of the VEBM1 and VEBM2 Orders, examining each new or amended obligation clause in the VEBM2 Order and mapping it to the corresponding VEBM1 provisions by theme.

3.2 How we have minimised our costs while achieving compliance

In addition to adopting an activity scoping exercise that ensures only incremental activities required for VEBM2 compliance are included (as described in Section 3.1 above), we have also worked to ensure that our costs for delivering those activities in a compliant way are efficient. This section explains how our approaches to transitioning to final compliance solutions, resourcing, technology selection, procurement and cost exclusions have achieved this.

3.2.1 Transitioning from interim to final compliance solutions

The VEBM2 Oder was gazetted in October 2025 with immediate effect. This is notwithstanding the nontrivial systems and capabilities that Victorian distributors need to implement to achieve compliance.

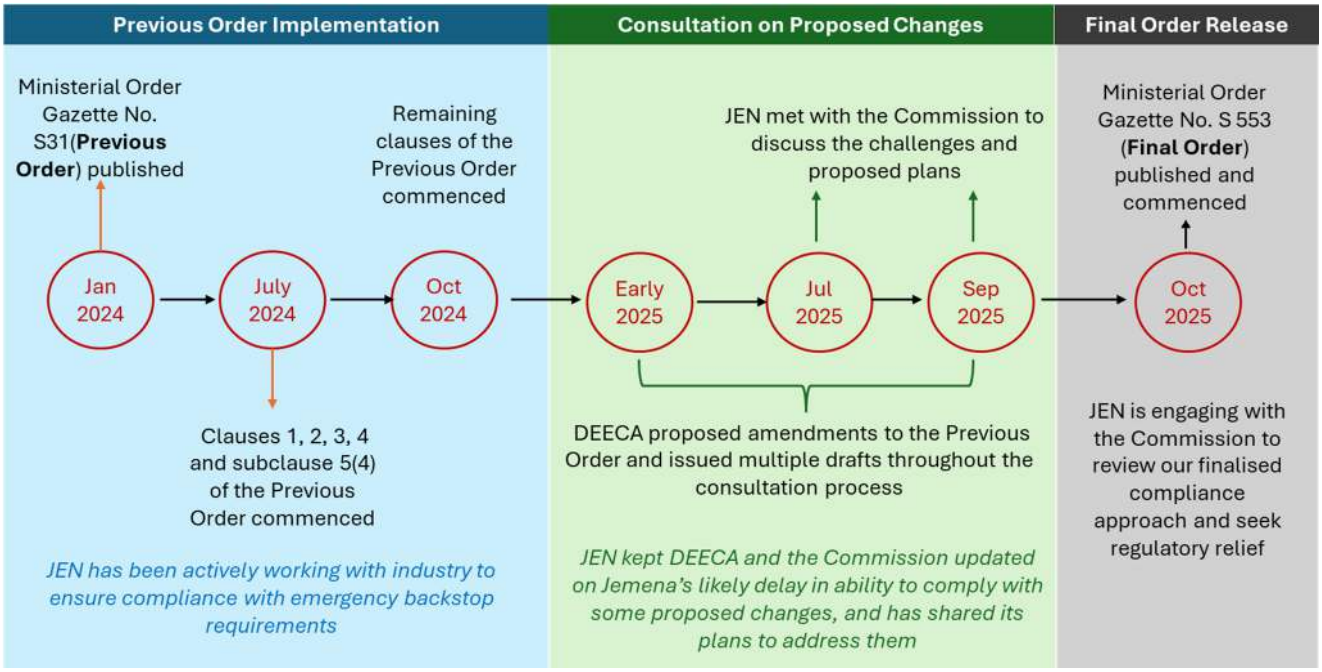
JEN has worked to minimise its costs of achieving compliance by:

- Relying on our new Cx Installer Portal project via the Cx Embedded Generation Application (**EGA**) to achieve ongoing compliance
- Engaging with the ESC on our pathway to our final compliance solutions.

This minimises the costs of temporary systems and processes to support immediate compliance in the period to July 2026.

Our compliance planning, engagement and achievement approach is illustrated in Figure 3-1. JEN has provided comprehensive interim and final compliance solutions to the ESC.

Figure 3-1 Managing compliance planning amid evolving regulatory change



3.2.2 Resourcing approach

JEN has taken a careful and practical approach to resourcing the project. All roles and effort are incremental to JEN's existing business-as-usual activities and to the activities established under VEBM1, ensuring the project is properly resourced without drawing on staff responsible for ongoing network operations.

The project team combines JEN employees with relevant expertise and a small number of consultants and contractors engaged to provide additional capacity or specialist skills where needed. This mix ensures the right people are in place for each task.

Consultants and contractors have been engaged at competitive market rates. For ongoing or future work, JEN benchmarks costs using unit rates from the Hays Salary Guide, applying the same principles used in developing its regulatory proposals.

JEN has also sought advice from vendors and experts with prior experience in deploying control systems, as well as from equipment manufacturers, to draw on lessons from previous implementations. Specialist advice has been used to confirm compliance with the VEBM2 Order requirements and to determine the most efficient resourcing model. A description of each role is provided in Appendix F.

3.2.3 Technology selection

JEN will meet the VEBM2 Order by extending the VEBM1 systems where practical rather than starting over. This keeps continuity, reduces integration risk, and avoids unnecessary cost, while still allowing targeted upgrades where needed.

Under VEBM1 we put in place the core stack – LV-DERMS, the Utility Server and the CSIP-Aus Test Suite – plus our customer and installer portals and Generation Monitoring Meters (**GMM**)s. These delivered remote curtailment and testing, basic customer communications, and compliance monitoring. The proposed ICCP link with the transmission operator has not yet been implemented, as it was delayed due to the limited operational need for Jemena to exchange real-time data with AusNet, the Transmission Network Service Provider (TNSP), but will be delivered before the end of the current regulatory period.

For VEBM2 we are adding functionality that will give JEN near real-time feedback for installers during testing, new 24-hour customer follow-ups after curtailment or network-wide tests, improved data handling for faster reporting, and greater system resilience through upgraded utility-server environments.

To implement the VEBM2 upgrades, we group the work into the following three project components:

- **EBCI**[6] **Foundation** strengthens the data and technology environments that underpin the backstop solution. It upgrades the core datasets and pipelines so information such as test outcomes, curtailment windows and export-resumption status can be captured and retrieved reliably. These changes provide the foundation for faster, more consistent reporting and for responding to requests within the new 10-business-day timeframe.
- **EBCI Capability** enhances the operational systems that coordinate curtailment, testing and notifications. It improves integration between LV-DERMS, the Utility Server and the CSIP-Aus Test Suite so status and exception data are available during commissioning and network-wide testing. This allows JEN to identify which customers have not resumed exporting once a curtailment or test window ends and to trigger 24-hour follow-up notices automatically. It also connects the notification service to send these targeted messages through each customer's nominated channel and supports the near-real-time feedback required for installers.
- **CX Embedded Generation Application (CX EGA)** will deliver a new installer portal for VEBM2. Under VEBM1, JEN hosted basic "Commission my CSIP-Aus" installer pages within the existing Electricity Distribution Portal (**EDP**), and the end-to-end process remained manual. The target deployment will see JEN implement a CX Installer Portal. The CX Installer Portal drives commissioning via CTS, issues 48-hour test notices and 24-hour follow-ups, maintains a simple send log as evidence of notifications, provides a public information page, and delivers near real-time feedback to installers on commissioning outcomes.

The table below describes the key digital solutions in more detail and how their functionality changes from VEBM1 to VEBM2. More detail on the VEBM2 obligations that drive these changes is provided in section 4.

6 Emergency Backstop Continuous Improvement.

Table 3–1: Digital solutions under VEBM1 and VEBM2

Layer *(Project Component)*	Digital solution	VEBM1 functionality	VEBM2 incremental functionality	
Interface ***(CX EGA)***	**CX Installer Portal**	n/a	New	Main installer portal: drives commissioning via CTS; simple send log; public information page. Provides near real-time feedback for failed commissioning tests
	CSIP-Aus Capability Commissioning Pages[7]	Installers request tests and upload proof of commissioning/capability. The process is manual.	Replaced	UI replaced by CX Installer Portal (CTS still runs the tests, the installer portal provides screens and stores proof)
	Electricity Distribution Portal	Hosted the CSIP-Aus Capability Commissioning Pages.	Enhanced (transitional)	Builds a proof-of-concept installer portal to test integration with LV-DERMS and CTS, automating commissioning and providing near real-time feedback for failed tests; retired once the CX Installer Portal is live.
Control & testing ***(EBCI Capability)***	**Itron LV-DERMS (Lite)**	Plans and tracks curtailment; watches export status.	Enhanced	Adds end-of-event status and lists of sites still not exporting to drive the 24-hour follow-ups; supports grouped Minimum System Load (MSL) events.
	Citadel Utility Server	Controls/talks to inverters to curtail/restore/set limits; receives status/acks.	Enhanced	More robust and quicker status to support reliable targeting and follow-ups.
	CSIP-Aus Test Suite (CTS)	Runs and checks commissioning & capability tests.	Enhanced	Shares test status for commissioning and network-wide testing to support notices and reports.
	Notification service (AWS Pinpoint)	Tool used to send SMS/email/letters for outages.	Enhanced	Used by CX to send the 48-hour testing notices and 24-hour follow-ups; letters where no email/mobile.
	Generation Monitoring Meters	Meter-based monitor + trip/restore for non-CSIP / poor-internet sites.	Retained	Included in detection/notification where relevant.
	ICCP link	Proposed; implementation delayed; complete by end of regulatory period	Retained	Functionality provides link to TNSP.
Data & environments	**Environments**	Quality assurance (**QA**) and Production only.	Enhanced	Add Dev and Test and Disaster Recovery capabilities; refresh QA/Prod to current enterprise/cyber patterns.

[7] In our VEBM1 application, this component was described as the *CSIP-AUS Capability Commissioning Portal*. In practice, it consisted of adding a "Commission my CSIP-AUS Solar Inverter" application form within the existing EDP. To more accurately reflect its function and avoid confusion with the CX Installer Portal, we refer to it here as the *CSIP-AUS Capability Commissioning Pages*.

Layer *(Project Component)*	Digital solution	VEBM1 functionality	VEBM2 incremental functionality	
(EBCI Foundation)	**Core datasets & pipelines**	Holds basic data used for curtailment/commissioning and customer messages.	Enhanced	Adds fields for notifications & cl.18 reporting (event/test states, export-resumption, customer contact preferences, send logs).
	Datahub / Reporting (Databricks + BW/4HANA + Power BI)	Basic reporting setup.	Enhanced	Single store and reports for curtailment/testing details, rolled out as capability becomes available.

3.2.4 Procurement approach

JEN has taken a transparent, value-for-money approach to procurement, ensuring the VEBM2 solution is delivered efficiently and reliably.

A 2023 market scan (outlined in JEN's VEBM1 Stage 2 Pass Through Application) confirmed that Itron was the only vendor able to supply a commercially available system meeting the CSIP-AUS Utility Server and LV DERMS requirements within the required timeframe. Itron, the developer of the LV DERMS, Client Test Suite, and Citadel Utility Server, holds the necessary intellectual property and expertise to integrate the required APIs with JEN's installer portal.

JEN has engaged Itron under a fixed-price, deliverable-based Statement of Work within its existing Master Services Agreement, which governs all Itron services across JEN. This arrangement provides cost certainty, uses pre-negotiated commercial terms, and ensures consistent service quality. This builds directly on the market testing and contracting framework established under VEBM1 and demonstrates JEN's commitment to prudent and efficient procurement consistent with the AER's expenditure assessment criteria.

3.2.5 Costing approach

Guiding principles

JEN has applied a consistent and transparent approach to developing the cost estimates in this application. The same framework used for the VEBM1 pass-through has been applied here, updated to reflect the new obligations introduced by the VEBM2 Order.

Our costing approach is designed to ensure all estimates are:

- **Prudent** – limited to what is reasonably required to comply with the new licence 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 governance process for digital projects, which involves the following steps applied consistently across all obligation themes:

- Assess each new requirement of the 2025 Ministerial Order to determine JEN's current level of compliance – both interim (manual) and sustainable (automated),
- Define the business outcomes and functional capabilities needed to achieve ongoing compliance,
- Establish the system and process changes required to deliver those outcomes,
- Identify the internal teams, contractors, and vendors needed to design, develop, test, and implement the required updates,
- Assess delivery timeframes and dependencies for each activity,
- Apply efficient benchmarked labour rates and vendor quotations (for example, Itron and Citadel) to estimate costs for each resource or supplier, and
- Test the estimates for reasonableness and obtain approval through JEN's delegated governance processes.

Evidence to support incremental costings

Labour and non-labour costs are detailed in the JEN's Pass Through Expenditure Model (Appendix C), which sets out the underlying formulas, rates, and source references for each line item. In summary:

- **Labour costs** were developed from JEN's approved resource plans and benchmarked against independent market data (including the Hays Salary Guide and AER benchmarking sources). Only incremental Full Time Equivalent staff required to deliver and sustain compliance have been included. No business-as-usual roles, overheads, or existing costs have been reallocated to the VEBM2 implementation project.
- **Non-labour costs** are based on vendor quotes, formal statements of work, or established unit-rate estimates. Where quotes are pending, costs have been estimated using prior project actuals from VEBM1 or Grid Stability programs. Supporting evidence is provided in Appendix E.
- **Program support and shared delivery costs** have been explicitly costed and proportioned across JEN's concurrent digital compliance programs (including this and other pass-through applications). The cost of new program-level positions (e.g. project management, reporting and change support) has been apportioned between these programs based on forecast 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.

Cost exclusions

As noted in Section 2.3.1, JEN has further minimised costs by excluding expenditure that:

- expenditure for a restricted asset under NER clause 6.6.1(c1)
- amounts relating to a contingent project (none apply to VEBM2)
- costs recoverable through alternative-control or negotiated services, including non-market metering recovered through negotiated connection offers
- activities already funded under VEBM1, except where delayed or realigned to meet VEBM2 obligations
- costs for the delayed ICCP link
- internal staff time not backfilled or offset by deferred projects.

Methodology used to model costs

All VEBM2 costs have been developed using a consistent modelling framework within JEN's Pass Through Expenditure Model (Appendix C), structured to align with JEN's financial systems and AER reporting requirements.

- **Cost structure** – Costs are grouped into the three project components – *EBCI Capability, EBCI Foundation,* and *CX EGA* – plus *Program Support* costs that are shared across JEN's concurrent digital compliance programs[8]. Each component is split into *Project Costs* (development and implementation) and *Ongoing Costs* (sustained operation and maintenance).
- **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.

[8] A dedicated group within JEN, known as the Reform and Future Networks Program Leadership (RAFN), is responsible for managing key initiatives related to NEM reforms, such as the VEBM2, Market Interface Technology Enhancement, Flexible Trading Arrangements, and the Accelerated Smart Meter Deployment projects. Approximately 30% of this group's resources are allocated to supporting JEN's VEBM2 project.

- **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.
- **Cost classification** – Each item is categorised as either *capital expenditure* or *operating expenditure* in line with JEN's accounting policies. Step changes in opex arising from the transition to ongoing operations are also identified separately.
- **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.

This modelling framework ensures a transparent and auditable link between detailed cost inputs, the Pass Through Expenditure Model, and the expenditure described in section 2.3.

4. Reconciling VEBM1 and VEBM2

This section compares our obligations, solution and costs of implementing VEBM1 with the incremental obligations, and solutions required for VEBM2.

4.1 Reconciliation of VEBM1 costs

This section summarises JEN's actual expenditure and delivery progress against the forecasts approved in the VEBM1 (Stage 2) cost pass-through application.

The table below compares the forecast costs approved under the VEBM1 pass-through application with the costs incurred to date for the digital solutions. It shows that JEN expects to incur slightly less than was originally forecast on VEBM1.

Table 4–1: Forecast vs actual costs of VEBM1 ($FY24 escalated)

Solutions	Implementation status	Forecast cost allowed in VEBM1 pass through	Costs incurred up to end FY25 and forecast through to end CY26	Variance
LV DERMS and Utility Server for the CSIP-AUS technology Modified existing Electricity Distribution Portal New CSIP-AUS Capability Commissioning Portal	Delivered	$14,455,647	$14,476,950	-$21,303
GMMs	Delivered	$784,752	$680,792	$103,960
ICCP	In progress	$446,577	$382,451	$64,126
Total		$15,686,976	$15,540,193	$146,783

4.2 Overview of VEBM1 delivery and incremental changes under VEBM2

The table below outlines, by obligation theme, what was required and delivered under the VEBM1 Orders, the key changes introduced by the VEBM2 Order, and the corresponding incremental solutions being implemented to achieve compliance.

Table 4–2: Summary of VEBM1 and VEBM2 obligations and solutions

Obligation theme	VEBM1 obligations	VEBM1 JEN delivery	VEBM2 changes	VEBM2 incremental solutions
Establishing or altering a connection	Connect only where PV is backstop-enabled and supported by a utility server.	LV-DERMS and Utility Server delivered with CSIP-AUS; commissioning portal and GMM alternative; ICCP delayed	Strengthens reliability expectations by requiring prompt restoration of the utility server after faults or outages.	Add Dev/Test/QA/DR environments and stronger monitoring and failover to enable faster restoration.
Customer notification requirements	Notify customers of AEMO-directed and planned curtailments; advise of comms issues.	Manual process using templates; no automated post-event follow-ups.	Adds 24-hour follow-up if export isn't restored, raises test-notice trigger to >30 min, and includes Commission notification.	Automate notices via LV-DERMS + Citadel → CX Installer Portal → AWS Pinpoint → Datahub/Power BI for evidence.
Customer-related procedures	Publish and maintain compliance/testing procedures.	Embedded Generation Emergency Backstop Requirements (**EGEBR**) and internal procedures, training and factsheets completed.	Expands documentation and governance requirements, including prescribed templates and public information.	Refresh EGEBR and templates; maintain public information page.
Reporting obligations	Annual DAPR reporting on curtailments and enabled capacity.	Manual extracts from LV-DERMS/Utility Server; DAPR updated.	Adds 10-business-day window for detailed event data, requiring stronger underlying datasets.	Implement an automated Databricks reporting environment capturing event/test states, export flags and logs.
Installer notification requirements	Not required.	None delivered.	Introduces near-real-time installer feedback, live outage info and an escalation channel.	Deliver CX Installer Portal integrated with LV-DERMS, Citadel and CTS for real-time feedback and escalation support.

The following sections provide a detailed description of each obligation theme, outlining the specific requirements under VEBM1, how JEN delivered these capabilities, the changes introduced by VEBM2, and the incremental solutions currently being implemented.

4.3 Establishing or altering a connection of a relevant photovoltaic microgeneration unit

4.3.1 What was required under VEBM1

Under clause 5 of the VEBM1 Order JEN is required to:

- not establish or alter a connection with a relevant photovoltaic microgeneration unit to our distribution system unless we are satisfied that the relevant photovoltaic microgeneration unit is emergency backstop enabled (clause 5(1))
- for the relevant photovoltaic microgeneration unit between 30 and 200 kVA capacity, an alternative VEBM can be deployed if JEN "is satisfied that the licensee is capable of remotely interrupting or curtailing electricity generation by the unit despite not being emergency backstop enabled" (clause 5(2)(b)) emergency backstop enabled relevant photovoltaic microgeneration unit connected to our distribution
- operate a utility server capable of remotely interrupting and curtailing electricity generation by a system (clause 5(4))
- implement a process to monitor whether emergency backstop enabled relevant photovoltaic microgeneration units remain emergency backstop enabled and whether the licensee is capable of remotely interrupting or curtailing electricity generation by relevant photovoltaic microgeneration units (clause 5(5))
- not remotely interrupt or curtail electricity generation by an emergency backstop enabled relevant photovoltaic microgeneration unit unless directed to do so by AEMO, to test capability or for reasons agreed with the microgeneration unit owner (clause 5(6))
- include terms in its model standing offer, connection offer, connection contract or connection agreement to give effect to the Stage 2 Order stating that JEN may remotely curtail or interrupt the unit and the process we will follow to advise the owner or operator when the unit will be or has been curtailed (clause 5(7)).

4.3.2 How we proposed to deliver this capability under VEBM1

JEN proposed delivering this capability via three key workstreams:

1. Digital systems, which comprise the design and implementation of:
    - LV Distributed Energy Resources Management System (**DERMS**) and Utility Server for the CSIP-AUS technology. CSIP-AUS enables control (trip, restore, setpoint) and monitoring capabilities over the public internet, allowing JEN to directly or indirectly communicate with photovoltaic generation inverters using a new JEN CSIP-AUS Utility Server and LV DERMS. CSIP-AUS was the preferred solution for photovoltaic generation inverters of up to and including 200kVA.
    - GMMs will be deployed concurrently with CSIP-AUS and adopted as an alternative method to comply with VEBM requirements – applicable for contestable revenue meter installations – for customers without a reliable internet connection or for non-inverter-based embedded generators. When connecting embedded generation using GMM, JEN will install a dedicated Vic AMI Current Transformer meter as a non-market meter. The GMM will have control (trip and restore) capability and monitoring capability. As the GMM is a JEN-owned AMI meter, it interfaces directly into JEN's existing AMI meshed radio communications network. The GMM's internal load contactor will be used to trip and restore the main contactors of the customer's inverter. This meter is for its control and switching capabilities only; it will not be used for meter data provision purposes.

- Modification of the existing EDP and implementation of a new CSIP-AUS Capability Commissioning Portal[9] to enable photovoltaic embedded generation installers or customers to submit new required information and perform commissioning test of inverters.
- Establishment of Inter-Control Centre Communications Protocol (**ICCP**) with the TNSP Transmission Operation Centre (**TOC**) to enable JEN's Network Operation to manage and respond to AEMO direction through the TNSP TOC via the SCADA link for real-time information.

2. Change, communication and engagement, which comprises of:
   - Developing change impact assessment and preparing plans to engage external and internal stakeholders
   - Developing and implementing a resource plan for the project and ongoing performance of activities to meet VEBM requirements
   - Working with external stakeholders including, but not limited to, AEMO, Victorian Government, Victorian DNSPs, Original Equipment Manufacturers (**OEMs**), installers and retailers, to plan, prepare and communicate information relating to VEBM
   - Working with internal stakeholders within JEN to plan, prepare, communicate and train affected teams as a result of VEBM
   - Developing and implementing the new operating model for the end-to-end process change.
3. Strategies, guidelines and documents, which comprise developing and implementing:
   - Strategies to ensure the digital solutions will continue to deliver against the forecast inverter volume increase to maintain compliance
   - JEN's positions, strategies and procedures to ensure OEMs, installers, and customers will adhere to JEN's procedures
   - Industry guidelines, standards, connection agreements, customer support documents and training materials relating to VEBM and its ongoing compliance.

4.3.3 What we have delivered from VEBM 1

4.3.3.1 Status of our digital systems solutions

The following summarises the current status of the five digital system components committed under JEN's VEBM1 (Stage 2) pass-through application:

- **LV DERMS and Utility Server for the CSIP-AUS technology** – these two system components were completed, which enables JEN to manually commission new and/or replaced DPV systems and enable control trip, restore, setpoint) and monitor capabilities over the public internet for the CSIP-AUS technology. It essentially allows JEN to directly or indirectly communicate with DPV systems of up to and including 200kVA
- **Modified existing Electricity Distribution Portal** – the existing portal modification was completed to enable it to pass certain customer application information including DPV system to the new CSIP-Aus Capability Commissioning Portal to perform certain validation and authentication. Modification of existing Electricity Distribution Portal and implementation of new CSIP-AUS Capability Commissioning Portal to enable photovoltaic embedded generation installers or customers to submit new required information and perform commissioning test of inverters

[9] In our VEBM1 application, this component was described as the *CSIP-AUS Capability Commissioning Portal*. In practice, it consisted of adding a "Commission my CSIP-AUS Solar Inverter" application form within the existing EDP. To more accurately reflect its function and avoid confusion with the CX Installer Portal, we refer to elsewhere in this document as the *CSIP-AUS Capability Commissioning Pages*.

- **New CSIP-AUS Capability Commissioning Portal** – This system component was completed as the key interface point between JEN and installers (or customers) to perform CSIP-Aus commissioning, however, in a manual process which takes several days to return test results to installers or customers. This is a new portal hosting "Commission My CSIP-Aus Inverter" application form which was created based on the existing end-of-life Electricity Distribution Portal technology to enable installers or customers to submit new or replaced DPV related CSIP-Aus commissioning information to perform CSIP-Aus commissioning test.
- **Generation Monitoring Meters** – This system component was completed and deployed concurrently with CSIP-AUS and adopted as an alternative method to comply with VEBM requirements – applicable for contestable revenue meter installations – for customers without a reliable internet connection or for non-inverter-based embedded generators. When connecting embedded generation using GMM, JEN will install a dedicated Vic AMI Current Transformer meter as a non-market meter. The GMM has control (trip and restore) capability and monitoring capability. As the GMM is a JEN-owned AMI meter, it interfaces directly into JEN's existing AMI meshed radio communications network. The GMMs internal load contactor is used to trip and restore the main contactors of the customer's DPV inverter. This meter is for its control and switching capabilities only; it is not used for meter data provision purposes.
- **Inter-Control Centre Communications Protocol** – JEN has not yet completed delivery of this system component, but will do so before the end of the regulatory period. It will enable JEN's Network Operations team to manage and respond to AEMO directions through the TNSP TOC via the SCADA link, providing real-time information. Without this capability, JEN may not be able to respond to an MSL event in timely manner as directed by AEMO via TNSP TOC, as JEN does not have any real-time information or visibility to an MSL event and would rely on a manual telephone call with the TNSP TOC.

4.3.3.1 Status of change, communication and engagement workstream

The following summarises the current status of the key change, communication, and engagement activities committed under JEN's VEBM1 (Stage 2) pass-through application:

- **Change impact assessment and stakeholder engagement plans** – completed as part of the VEBM1 implementation.
- **Resource plan for project delivery and ongoing performance of VEBM activities** – completed as part of the VEBM1 implementation.
- **External stakeholder engagement** – completed, with JEN having worked with AEMO, the Victorian Government, other Victorian DNSPs, OEMs, installers, and retailers to plan, prepare and communicate information relating to the VEBM.
- **Internal engagement** – completed, with the project team having liaised with internal JEN stakeholders to plan, prepare, communicate, and train affected teams on new VEBM requirements.
- **New operating model for end-to-end process change** – completed, with JEN having developed, implemented, and embedded the required end-to-end process changes within its operating model.

4.3.3.1 Status of our strategies, guidelines and documentation workstream

The following summarises the current status of the strategies, guidelines, and documentation activities committed under JEN's VEBM1 (Stage 2) pass-through application:

- **Strategies for inverter volume scaling** – completed, with JEN engaging Itron (vendor for the LV DERMS and Utility Server) to ensure these systems can accommodate increasing inverter volumes over time.
- **JEN's positions, strategies and procedures to ensure OEMs, installers, and customers adhere to JEN's procedures** – completed as part of the VEBM1 implementation. A series of internal papers were developed and endorsed, which informed the external procedures now in use.

- **Industry guidelines, standards, connection agreements, customer support documents and training materials relating to VEBM1 and its ongoing compliance** – completed as part of VEBM1 implementation. This work produced JEN's revised connection agreements, customer support documents, and training materials, and contributed to industry guidelines and standards published by the Department of Energy, Environment and Climate Action (**DEECA**). F

4.3.4 Obligation changes under VEBM2

The most material change under the VEBM2 Order with respect to establishing or altering a connection is clause 16(2)(b), which requires the licensee to *use best endeavours to restore capability and functions of the utility server as soon as possible making allowance for reasonable priorities*. Compared with VEBM1, this lifts the expected standard of operational reliability for JEN's utility-server/LV-DERMS environment and will necessitate faster, more reliable service restoration following faults or outages. In practice, meeting this obligation is expected to require additional resilience and redundancy measures to reduce downtime and support prompt restoration (e.g., improved monitoring and failover arrangements).

The other key VEBM2 Order clauses relating to establishing or altering a connection are clauses 12(1) and 12(2), which are largely unchanged from VEBM1 and are immaterial in terms of incremental functionality or cost. Existing connection and commissioning processes already address these requirements.

4.3.5 JEN's incremental VEBM2 solution

To meet the strengthened obligation under clause 16(2)(b) to restore utility-server capability and functions as soon as possible, JEN will enhance the resilience and availability of its utility-server and LV-DERMS environment. Under VEBM1, these systems operated on standard enterprise configurations with manual recovery processes. Under VEBM2, JEN will expand and modernise its technical environments and control systems to allow faster and more reliable restoration following any fault or outage.

The upgrades will be delivered through the EBCI Foundation and EBCI Capability components of the program and will include:

- **Expanded environments:** increasing from two (QA and Production) to five environments (Development, Test, QA, Production, and Disaster Recovery), allowing controlled release management and rapid restoration in the event of failure.
- **More robust control systems:** improving the stability and responsiveness of the Citadel Utility Server and Itron LV-DERMS (Lite) to provide quicker status updates and recovery of service following outages.
- **Enhanced system oversight:** strengthening system monitoring and event tracking to detect service degradation earlier and support faster intervention where needed.
- **Modernised data foundation:** updating core datasets and pipelines to ensure consistent recovery and integrity across the upgraded environments.

4.4 Administering customer notification requirements when interrupting or curtailing generation

4.4.1 What was required under VEBM1

Under clause 6 of the Stage 2 Order, JEN is required to notify a customer when remotely curtailing or interrupting that customer's embedded generating unit. This must be done in accordance with the following requirements that differ based on the trigger for the interruption or curtailment:

- if following direction from AEMO, JEN must – as soon as practical – publish a notice in a prominent part of our website with information on the nature of the interruption (clause 6(1))

- if to carry out tests, or for other agreed upon reasons which result in a customer's generation being interrupted for a cumulative total of more than 15 minutes within a 48-hour period, we must give affected customers at least 48 hours written notice of the test via the customer's nominated preferred method of communication identified under clause 11.4.1 of the Electricity Distribution Code of Practice or electronically if no preference has been nominated, or in accordance with explicit informed consent in the relevant customer's contract or agreement (clause 6(2)).

JEN is also required to inform the customer if we determine their internet connection is down and they are unable to communicate with JEN's systems (clause 7(1)(d)).

4.4.2 How we proposed to deliver this capability under VEBM1

Under JEN workstreams "change, communication and engagement" and "strategies, guidelines and documents", JEN proposed to:

- conduct internal training to ensure our Network Operations team and other affected teams follow the proper work instructions and procedures to notify customers
  - when remotely curtailing or interrupting a customer's relevant embedded generating units following an emergency event as directed by AEMO; or
  - when giving at least 48 hours written notice if JEN carries out regular VEBM tests which result in a customer's generation being interrupted for a cumulative total of more than 15 minutes within a 48hour period.
- develop and prepare training materials, which include work instructions for unplanned and planned outages of a customer's generation unit that falls within the scope of the Stage 2 Order and the notification processes.

JEN was also to implement the requisite systems changes necessary to fulfil these obligations. And to implement communication mechanisms to inform customers about testing via their preferred communication needs and inform them when their internet communication is down and they are unable to communicate with JEN's systems.

4.4.3 What we have delivered from VEBM 1

JEN has implemented a set of documented procedures to meet the customer notification requirements introduced under VEBM1. These procedures set out how customers would be notified in the event of testing, planned curtailments, or an AEMO-directed minimum system load (MSL) event.

To date, these procedures have not been triggered, as no MSL event has occurred. Under VEBM1, the notification process remains manual and relies on internal coordination between operational and customer service teams. While this approach has been sufficient for compliance to date, the VEBM2 Order introduces new obligations for faster and more automated notifications.

4.4.4 Obligation changes under VEBM2

The most material changes to obligations under VEBM2 relating to customer notification requirements are the following clauses:

- ***Clause 13(2)(c)*** *– if any customer remains disconnected from exporting for longer than the intended testing period, within 24 hours following testing, notify that customer that they remain disconnected from exporting to the distribution network following testing.*
- ***Clause 14(9)*** *– If any customer remains disconnected from exporting for longer than the intended testing period, the licensee must within 24 hours following testing, notify that customer that they remain disconnected from exporting to the distribution network following testing.*

These add a requirement to contact any customer whose inverter/export remains disconnected after a curtailment or testing window ends, and to do so within 24 hours. Meeting this requires us to:

- identify customers who have not resumed export after the event window,
- send a follow-up notice within 24 hours using the customer's nominated channel, and
- keep records showing what was sent and when.

This requirement was not in VEBM1 and one of the key drivers of incremental work under VEBM2.

Other VEBM2 changes to customer-notification obligations, which are less material and expected to have limited incremental cost impact on JEN, include:

- **Clause 13(2)(a) and clause 13(3)–(4)**: Requires 48 hours' written notice where testing would interrupt export for more than 30 minutes within any 48-hour period and requires notice to each affected customer and the Commission, in the prescribed form. Under VEBM1 the threshold was more than 15 minutes within any 48-hour period and notice was to customers only. By increasing the threshold to 30 minutes, VEBM2 makes the trigger less stringent and adding Commission notification can be handled through updates to existing templates, recipient lists and scheduling.
- **Clause 13(1):** Requires maintaining clear public information about potential curtailment/testing and how we will communicate with customers. This will be addressed via a minor website/process update.

4.4.5 JEN's incremental VEBM2 solution

JEN will implement a fully integrated and automated customer-notification flow to meet the VEBM2 requirements. The solution combines JEN's LV DERMS, Citadel Utility Server, Customer Information System, and digital communication platforms to ensure timely, accurate, and auditable notifications in accordance with the Ministerial Order:

- **Event close and targeting (Itron LV-DERMS + Citadel):** LV-DERMS will identify the relevant National meter identifiers (**NMIs)** at the end of each event – those that have not resumed export – and provide this list, along with event status information, to Citadel. Citadel supplies device-level status and acknowledgements to support accurate targeting.
- **Orchestration and records (Enterprise Communication platform + core datasets):** Customer and site records linked to these NMIs, including contact details and communication preferences, will be drawn from existing datasets and passed to the the Enterprise Communications platform Confluent which will orchestrate the workflow, scheduling 48-hour test notices (where the >30-minute threshold applies) and issuing the 24-hour follow-ups when export has not resumed. CX Installer Portal will maintain a simple send log as evidence of notifications.
- **Delivery (notification service – AWS Pinpoint):** Messages will be sent automatically by SMS or email via the integrated notification service. Where electronic details are missing, the physical letter fallback will remain in place.
- **Website and Commission notices:** CX Installer Portal will also maintain the public information page and issue prescribed 48-hour written notices, including the Commission in recipient lists where required.
- **Evidence and reporting (Datahub / Power BI):** Send logs, event/test states, export-resumption flags and related evidence will be retained and surfaced through existing reporting to support compliance with the 10-business-day information requests under Clause 18.

During the early phase of VEBM2, a proof-of-concept EDP Portal will be used for integration testing and early installer flows. It will be retired once the CX Installer Portal is live.

4.5 Establishing customer related procedures

4.5.1 What was required under VEBM1

Under clause 7 of the Stage 2 Order JEN must establish customer procedures for the process we will take to establish compliance or notify a customer of non-compliance prior to connection of relevant units, and the processes for testing and future notification of non-compliance. These procedures must be published on our website, updated from time to time, and we must notify the ESC when they are updated or amended.

4.5.2 How we proposed to deliver this capability under VEBM1

Under JEN workstreams “change, communication and engagement” and “strategies, guidelines and documents”, JEN will:

- prepare procedures for embedded generation emergency backstop requirements, outlining the requirements and related processes and procedures JEN has implemented for external stakeholders, i.e., inverter OEMs, customers, and installers, in relation to Embedded Generation (**EG**) and VEBM systems
- engage with OEMs to ensure they implement the changes, for example, complete the inverter validation test with JEN Utility Server and prepare other changes, including their Portal, to support the installers
- develop training materials for installers to ensure they follow the new processes and comply with new VEBM requirements
- develop factsheets and other related VEBM requirements for customers.

These procedures will be supported by system changes necessary to comply with the obligation.

4.5.3 What we have delivered from VEBM 1

JEN has met this obligation by developing and publishing a dedicated customer-related procedure titled Embedded Generation Emergency Backstop Requirements Procedure. This document, available on our website, outlines the process customers and installers must follow to ensure compliance with VEBM1 connection and operational requirements.

4.5.4 Obligation changes under VEBM2

The VEBM2 Order clauses that address customer-related procedures have limited impact on JEN. They mainly clarify documentation, templates, and public-facing information, which we can address through a light process and content updates:

- **Clause 11**: Requires us to maintain documented customer procedures covering embedded-generation connection, curtailment and testing interactions. This is a documentation/template refresh rather than a platform change.
- **Clauses 13(1) and 13(2)**: Requires us to maintain clear public information and use prescribed-form notices. Procedurally, this means keeping standard templates current (with approvals/version control) and maintaining the public information page. No new systems are required.
- **Clauses 14(8) and 14(9)**: Requires us to clarify post-event steps, including notifying customers where export has not resumed after testing/curtailment. For procedures, this is about confirming hand-offs and timeframes in our operating procedures; the underlying detection/notification capability sits with other components and is addressed there, not here.
- **Clause 15**: Requires us to apply and maintain customer procedures, including responding to enquiries/complaints related to curtailment/testing. This is a procedures/governance refresh, not a new toolset.

4.5.5 JEN's incremental VEBM2 solution

The obligations related to customer-related procedures are largely operating model related. JEN will meet them by updating existing procedures and templates without adding significant functionality to VEBM1 solutions and by using existing operational resources. We will update the external procedure EGEBR to reflect the VEBM2 Order changes and prepare a new internal procedure covering annual testing and notification. The internal review and update of the EGEBR documents will be completed within two months of the commencement date to reflect the relevant changes in the VEBM2 order.

In parallel, JEN will refresh prescribed-form notice templates – adding the ESC to recipient lists where required – and maintain approvals and version control. A single public information page will be maintained to explain potential curtailment or testing activities and how JEN communicates with customers, reviewed on a regular cadence.

4.6 Reporting obligations

4.6.1 What was required under VEBM1

Under clause 8 of the Stage 2 Order, JEN must include – in its distribution system planning report submitted to the ESC in accordance with the Electricity Distribution Code of Practice – details of:

- any interruption or curtailment of electricity generation
- the number of connections of relevant photovoltaic microgeneration units to our distribution system that are emergency backstop-enabled
- the aggregate capacity in megawatts of all relevant photovoltaic microgeneration units in our distribution system that are emergency backstop enabled.

4.6.2 How we proposed to deliver this capability under VEBM1

JEN will deliver this capability through its reporting function within the new digital systems developed, particularly the LV DERMS, Utility Server, and GMM systems. This new reporting requirement will be published in JEN's Distribution Annual Planning Report (**DAPR**) each year.

4.6.3 What we have delivered from VEBM 1

JEN has met this obligation by updating its most recent Distribution Annual Planning Report (DAPR) to include reporting on the VEBM1 requirements. Section 5.9.5, Embedded Generation with Emergency Backstop Capability, provides the relevant data and commentary and is available on our website.

4.6.4 Obligation changes under VEBM2

The most material obligation change under the VEBM2 order that relates to reporting obligations change is Clause 18, which shortens the timeframe for providing event-level information and drives upgrades to underlying datasets so JEN can produce accurate information quickly:

- *Clause 18 - Requirement to give information:*
  - *(1) The licensee must, if requested to do so by AEMO, the Commission, or the Department, provide to AEMO, the Commission or the Department (as the case may be) information relating to –*

    (a) any interruption or curtailment of electricity generation carried out in accordance with this Order;

    (b) the number of connections in the licensee's distribution system that are emergency backstop enabled to the extent of the licensee's knowledge;

(c) the aggregate capacity in megawatts of all relevant solar microgeneration units in the licensee's distribution system that is emergency backstop enabled to the extent of the licensee's knowledge.

- *(2) The licensee must provide any information requested under subclause (1) within 10 business days of the receipt of the request, unless another time is agreed by AEMO, Commission, or the Department.*

This is material because it creates a specific 10-business-day reporting window and requires reliable, queryable event data. Meeting this obligation requires enhancements to data capture and retrieval – e.g., event/test state tracking, export-resumption flags, and send logs and contact records – so detailed curtailment/testing information can be assembled and provided within the new timeframe. JEN is currently complying via a manual process; however, to sustain compliance with this short turnaround, the foundation database being built to support Clause 16 will also support ongoing compliance with Clause 18. Clause 14(7) requires a similar 10 business day reporting period and is therefore also material.

Other reporting-related clauses are largely immaterial in terms of incremental cost or functionality and can be addressed through existing VEBM1 systems and processes:

- **Clauses 13(1) and 13(2)**: Requires publication/record-keeping for prescribed customer notices (retain copies and timestamps via existing send logs/CX records).
- **Clauses 14(2), 14(3), and 14(4)**: Requires documentation of test outcomes and records of export resumption (captured via existing status data flows, e.g., LV-DERMS/Citadel/CTS, and stored in current datasets).
- **Clause 16(2)(e)**: Requires retention of evidence supporting installer notifications and capability tests (handled via CX/CTS artefacts; no new reporting tools required).
- **Clause 17**: Requires continued inclusion of curtailment/testing information in the DAPR, extended to cover licensee-initiated events as well as AEMO-directed events (procedural update to existing annual reporting).

4.6.5 JEN's incremental VEBM2 solution

To meet the expanded reporting obligations under Clause 18 and related clauses, JEN will implement an integrated reporting capability within the EBCI Foundation and EBCI Capability project components. This will replace the current manual approach with an automated, queryable environment that can produce detailed event information within the required 10-business-day timeframe and support ongoing compliance monitoring.

The Databricks-based reporting environment will consolidate and visualise information required for compliance, operational oversight, and DEECA/AEMO/Commission reporting. It will extend existing data pipelines to capture event/test states, export-resumption flags, commissioning metrics, and backstop-enablement status, and present these through Power BI dashboards managed under JEN's standard data-governance arrangements.

The reporting capability will include:

- VEBM2 clause 18 obligations:
  - MSL event records
  - network-wide test results and individual device testing outcomes
  - Utility Server offline metrics
  - support-service metrics for solar microgeneration unit installers
- DEECA compliance reporting:
  - backstop-enabled (fully commissioned) device metrics
  - backstop-exempt device metrics
  - device-commissioning and test-completion statistics

  - backstop-related complaint tracking

- JEN internal compliance and performance monitoring:
  - commissioning applications in progress and completed
  - installation rejection and defect tracking
  - customer-specific test and event status
  - OEM-defect statistics
  - system-outage tracking across LV-DERMS and related components

4.7 Installer notification requirements

4.7.1 What was required under VEBM1

JEN was not required to provide a dedicated near real-time portal or other support mechanisms for installers under VEBM1.

4.7.2 How we proposed to deliver this capability under VEBM1

As there was no obligation, JEN did not propose to develop or deliver capability to notify installers in VEBM1.

4.7.3 What we have delivered from VEBM 1

Consistent with the absence of an obligation, JEN has not delivered an installer portal or equivalent installer support arrangements under VEBM1.

4.7.4 Obligation changes under VEBM2

The VEBM2 Order introduces a set of new obligations relating to installer notifications so that installers receive timely, transparent information about commissioning, capability testing and utility-server events, supported by clear communication and escalation channels. The key requirements include:

- **Keep frequently updated outage information** on the website and in the installer portal, including an estimated time for restoration or, if reliable information is not available, an estimate of when it will be available, with related notices displayed in the installer portal (clauses 16(1)(a)–(b)).
- **Maintain a business-hours phone line** with escalation to a human operator so installers can reach a person when needed (clause 16(2)(a)).
- **Issue near-real-time error messages** when capability tests fail, outline steps to remedy the failure, provide progress updates, and confirm when capability is restored (clauses 16(2)(c)–(d)).

Under VEBM1, installer notifications were largely manual, delivered through the CSIP-Aus commissioning pages hosted in EDP, with results relayed by email or phone and limited visibility of status. To meet the new VEBM2 obligations, these manual steps will be replaced with a portal-led, near-real-time model that provides a dedicated business-hours escalation path and continuously updated outage and estimated time for information for installers.

4.7.5 JEN’s incremental VEBM2 solution

To meet the new installer-notification obligations under VEBM2, JEN is implementing an integrated digital solution that provides near real-time communication and visibility for installers and customers. This replaces the largely manual, email and phone-based process used under VEBM1 with an automated, auditable workflow delivered through the CX Installer Portal and its connected control, testing, and enterprise systems.

JEN is developing an EDP to test integration with LV-DERMS and CTS, removing manual steps and enabling near-real-time feedback for failed commissioning tests. Once proven, this will be replaced by the CX Installer Portal – the permanent, customer-facing interface for commissioning and notifications.

The Installer Portal will provide installers with real-time visibility of utility-server outages, restoration times, and commissioning outcomes. When capability testing fails, CTS will send outcomes and error codes through LV DERMS to the Installer Portal, which will display near-real-time error messages, outline steps to remedy the failure, provide progress updates, and confirm when capability is restored. The Enterprise Communications platform Confluent will also issue 48-hour test notices and 24-hour follow-ups (via the integrated notification service – AWS Pinpoint) and maintain a simple send log as evidence of communications. A business-hours phone line with escalation to a human operator will continue to support installers who need direct assistance.

These functions leverage JEN's existing enterprise systems – FUSE (Service Cloud) and the Communication Platform – which connect the VEBM2 control and notification layers to corporate customer-support tools. They enable consistent message delivery and tracking across JEN's broader digital environment:

- **Event integration:** The FUSE (Service Cloud) platform receives error and status events from LV-DERMS via integration microservices.
- **Notification workflow:** Application events and operational events requiring customer or installer notification are passed from FUSE, or LV DERMS respectfully, to the Communication Platform, which issues notifications through the recipient's preferred channel.
- **Feedback loop:** The Communication Platform reports message delivery outcomes (successful or failed) back to FUSE, ensuring each notification has a verifiable delivery record.
- **Support access:** These results are visible to support teams within FUSE, enabling timely follow-up and improved oversight of installer interactions.

All installer communications and notification outcomes will be timestamped and stored within CX Installer Portal and surfaced through JEN's Datahub / Databricks / Power BI reporting environment to support monitoring of response times and notification latency. Together, these enhancements replace the manual steps used under VEBM1 with a portal-led, near-real-time model that provides installers with transparent information, responsive support, and measurable compliance with the new VEBM2 obligations.

Appendix A
Compliance checklist & confidential claims

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A1. How this submission addresses the rules

This section of Appendix A 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 A1–1: Pass through application compliance checklist

NER clause	Requirement	Compliance demonstration	See
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 service standard event for the VEBM. In circumstances where the AER considers our new VEBM licence obligations do not qualify as a service standard event, this application seeks approval of a regulatory change event.	Section 2.2
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 application demonstrates how JEN is incurring materially higher costs to comply with the new licence obligations arising from the VEBM orders in council.	Whole application, including supporting materials
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	This application provides evidence on the period over which the Victorian Government introduced the VEBM through a staged approach, where the event occurred on the release of the final stage on 31 January 2024, when JEN's full obligations were known for the purpose of optimised compliance planning and costing, and for the purposes of the pass through application. This application was lodged within the 90 business day timeframe.	Section 0
6.6.1(c)(1)	A written statement must specify the details of the positive change event	The orders in council establish the positive change event.	Section 2.1
6.6.1(c)(2)	A written statement must specify the date on which the positive change event occurred	The event occurred on 8 October 2025.	Section 2.1
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 provided and the resulting revenue adjustment for the pass through amount is provided.	Section 2.3.3
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	We have identified the required revenue variation in 2025-26.	Section 2.3.3
6.6.1(c)(5)	A written statement must specify the amount of the positive pass through amount that the Distribution Network Service Provider proposes should be passed	We have identified the required revenue variation in 2025-26, which is the only year of prices that will be affected by this application.	Section 2.3.3

NER clause	Requirement	Compliance demonstration	See
	through to Distribution Network Users in the regulatory year in which, and each regulatory year after that in which, the positive change event occurred		
6.6.1(c)(6)(i)	A written statement must specify evidence of the actual and likely increase in costs	We have set out the new obligations, our approach to meeting those obligations, costing those obligations, the resulting incremental costs and how we have minimised those costs and ensured they are only incremental SCS costs.	Section 3
6.6.1(c)(6)(ii)	A written statement must specify evidence that such costs occur solely as a consequence of the positive change event		
6.6.1(c)(6)(iii)	A written statement must specify evidence in relation to a retailer insolvency event	This application does not relate to a retailer insolvency event	n/a
6.6.1(c)(7)	A written statement must specify such other information as may be required under any relevant regulatory information instrument	We have provided an updated version of the AER's PTRM	Appendix D
(6) (c1)	The positive pass through amount proposed by the Distribution Network Service Provider under subparagraph (c)(4) must not, in whole or in part, be in respect of expenditure for a restricted asset, unless the Distribution Network Service Provider has submitted an exemption application with the statement under paragraph (c), which requests an asset exemption under clause 6.4B.1(a)(3) in respect of that asset or class of asset for the positive pass through amount.	Our application does not include any such expenditure.	Section 2.3.1

A2. Confidentiality claims

The following table identifies specific sections of this pass-through 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 disclose of the information.

Table A2–1: Confidentiality Claims

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
Appendix C – JEN Pass-through expenditure model – VEBM2	Entire model	Information about the procured service engaged through competitive tendering processes	Outcomes of the procurement approach	Market sensitive information	Information gathered through tendering processes is commercial in confidence and maintaining confidentiality ensures rigour to commercial negotiations	Public disclosure could impact JEN's ability to procure resources in the future, meaning customers may be more exposed to higher costs in the future	While the detriment of publishing the information is clear, JEN is not aware of any material incremental benefit from the AER publishing this information, as opposed to using it on a confidential basis
Appendix E – JEN Pass-through vendor quotes and costs – VEBM2	Entire document	Information about the procured service engaged through competitive tendering processes	Outcomes of the procurement process	Market sensitive information	Information gathered through tendering processes is commercial in confidence and maintaining confidentiality ensures rigour to	Public disclosure could impact JEN's ability to procure resources in the future, meaning customers may be more exposed to higher costs in the future	While the detriment of publishing the information is clear, JEN is not aware of any material incremental benefit from the AER publishing this information, as opposed

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
					commercial negotiations		to using it on a confidential basis

Table A2–2: 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 VEBM2 Pass through application [this document]	0	51	51	0%	100%
Appendix B - Ministerial Order Specifying Licence Condition 2025 - 9 October 2025	0	12	12	0%	100%
Appendix C – JEN Pass-through expenditure model – VEBM2	9	0	9	100%	0%
Appendix D - AER - JEN 2021-26 Final Decision SCS PTRM - 2025-26 RoD update (inc VEBM CPT) update – Public	0	14	14	0%	100%

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
Appendix E – JEN Pass-through vendor quotes and costs – VEBM2	6	0	6	100%	0%
Appendix F - JEN Pass-through role descriptions - VEBM2 - 20251104 - Public	0	5	5	0%	100%
TOTAL	15	82	97	16%	84%

Appendix B
VEBM2 Order

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B1. Ministerial Order

Please refer to *Appendix B - Ministerial Order Specifying Licence Condition 2025 - 9 October 2025* which has been provided as a separate document with this application.

Appendix C
Pass-through expenditure model

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C1. Expenditure model

Please refer to the confidential cost pass-through expenditure model supplied separately *Appendix C - JEN Pass-Through Expenditure Model – VEBM2 - 20251105 – Confidential.*

Appendix D
Post-tax revenue model (PTRM)

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D1. PTRM

Please refer to the separate spreadsheet provided with this submission *Appendix D - AER - JEN 2021-26 Final Decision SCS PTRM - 2025-26 RoD update (inc VEBM CPT) update – Public.*

Appendix E
Vendor quotes and cost estimates

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E1. Vendor quotes and cost estimates

Please refer to the confidential attachment *Appendix E - JEN Pass-through vendor quotes and costs - VEBM2 - 20251104 – Confidential* provided separately.

Appendix F
VEBM2 Roles and role descriptions

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F1. Role descriptions

Please refer to *Appendix F - JEN Pass-through role descriptions - VEBM2 - 20251104 – Public* provided as a separate document.