Powercor
AUSTRALIA

CER INTEGRATION

DATA VISIBILITY & NON-NETWORK MARKETPLACE

PAL RRP BUS 3.2.01 – PUBLIC
2026–31 REVISED PROPOSAL

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1. Overview

Our regulatory proposal included a CER integration and electrification strategy that outlined our approach to ensure all customers benefit from CER and electrification through lower prices. Our strategy involved maximising utilisation and exhausting all possible low-cost solutions, while optimising required augmentation to deliver value for customers.

Our proposed initiatives included the introduction of flexible services, enhanced data visibility and development of a non-network marketplace platform. This addendum sets out our response to the AER's draft decision.

The AER draft decision did not accept our total proposed CER integration expenditure and instead only included expenditure for flexible services.

While it acknowledged the potential benefits of a non-network marketplace, the AER considered the investment not prudent for 2026–31, effectively delaying it for at least five years. We have already seen strong growth in non-network service provision, aligned with increasing CER penetration. Delaying investment risks slowing this momentum, despite evidence from other jurisdictions that marketplace benefits grow over time and ultimately deliver lower prices for customers.

The enhanced data visibility initiative was also rejected, on the basis that it was not economically justified given current data request volumes, the potential for lower-cost alternatives, and concerns that future energy policy changes could strand the investment if NEM-wide standardisation occurs. However, we consider that the network data visibility initiative is a prudent investment given our customers and stakeholders have been requesting access to more data and we expect data requests to grow materially over the 2026–31 regulatory period (as CER installation and electrification increases exponentially). Both the AER draft decision and EMCa review acknowledge there is merit in expanding the information provided by our distribution network to include LV data.[1]

We have developed our Distribution System Operator (DSO) vision, with our enhanced data visibility initiative and non-network marketplace initiatives forming key components to this vision[2].

As such, we are reproposing both the enhanced data visibility and non-network marketplace platform initiatives as they will provide benefits to customers in the long term, in line with the national electricity objectives. Our revised proposal forecast for CER integration is consistent with our original proposal and presented in table 1 below.

[1] EMCa, Review of aspects of proposed expenditure on ICT and CER - CitiPower, Powercor and United Energy 2026-31 regulatory proposals, August 2025, p. 73

[2] PAL RRP ATT 3.2.01 – DSO vision – Dec2025 – Public

TABLE 1 REVISED PROPOSAL: CER INTEGRATION ($M, 2026)

INVESTMENT	REGULATORY PROPOSAL	DRAFT DECISION	REVISED PROPOSAL
Network data visibility	4.4	-	4.4
Non-network solution	6.4	-	6.4
Flexible services	42.0	42.0	42.0
Total	**52.8**	**42.0**	**52.8**

2. Background

This section summarises our original proposal to promote customer benefits from CER integration and electrification, improving the way we engage with the market and provide access to customer data.

2.1 Our regulatory proposal

As noted in our overview, our regulatory proposal contained three separate CER initiatives, two of which we discuss below. These initiatives formed part of our broader CER integration and electrification strategy that outlined our approach to ensure all customers benefit from CER technology and electrification through lower prices. Our strategy involved maximising utilisation and exhausting all possible low-cost solutions, while optimising required augmentation to deliver value for customers.

2.1.1 Non-network marketplace

Customers are increasingly driving the energy transition through investments in CER. The nature of this load growth is becoming more 'flexible' and dynamic when compared to traditional demand growth. This provides a significant opportunity for innovative network management that maximises the role of non-network solutions.

In our regulatory proposal, one of our preferred solutions to maximise CER integration benefits was to establish a life-cycle management of non-network solutions to create a true marketplace. In the current regulatory period, we partnered with the non-network (flexibility) marketplace, Piclo, to run a trial of their 'flexibility' platform and tendering system (Piclo Flex). Our preferred option provides additional investment to grow the non-network marketplace beyond the trial.

2.1.2 Network data visibility

With the growing amount of CER on our network, customers and stakeholders have an increasing desire to access more information, to make more informed decisions regarding their energy supply. For example:

- we engaged with our customers on our CER integration strategy, and more specifically our proposed network visibility program, where customers raised wanting accessible, practical and timely data that is equitable to access
- recent regulatory reviews, including the AER's low-voltage network visibility project, show strong government interest in improving access to low-voltage network data, highlighting that the value of greater data access must be balanced against the cost of providing it
- we currently publish the distribution annual planning report and constraint data, through a platform that presents an annual static snapshot of the network. However, with increasing desire for more information on a wide range of topics (including requests for capacity and constraint information), we are receiving growing volumes of data requests from stakeholders including customers, councils, community groups and universities.

Two broad options were considered to improve network data visibility, including continuing the status quo (static annual updates of data) or investment in a customer portal to improve data access for customers (including timeliness, accessibility, ease of use, and contextualisation). The preferred option was to invest in a customer portal because it balances the value of data availability with the cost of providing it and is well aligned to both our customer engagement findings and the AER network visibility trial learnings.

2.2 AER draft decision

In its draft decision, the AER did not accept our proposed capital expenditure for a non-network marketplace, stating there was not sufficient evidence to support the prudency and efficiency of the investment in the 2026–31 period. In making its draft decision, the AER had regard to EMCa's findings, including the following:

- a lack of evidence in demonstrating the need for the investment, as over the past five years we have not received any economically viable non-network alternatives that we have been able to implement. EMCa concluded that while there are non-network providers keen to participate, the market is not presently mature enough to meet network constraints at a lower cost than network augmentation
- benefits from our cost benefit analysis arise in the medium term, long after we propose to invest. This raises a viable option of delaying the investment
- concerns with our cost-benefit analysis which, once corrected for, results in the investment not being NPV positive.

Regarding data visibility, the AER draft decision acknowledged the importance of providing the market with access to low-voltage data. The AER, however, did not accept our proposed capital expenditure, stating that we did not provide quantitative evidence to demonstrate prudency and efficiency of the investment, and noting recent policy changes may require a different standardised platform to provide network data.[3]

In making its draft decision, the AER had regard to EMCa's findings, including the following:[4]

- our business case and other information did not support a need for investment, as the volume of requests does not appear overly onerous or information requested would not be available on the portal (so bespoke queries would continue)
- we already have LV data visibility for internal purposes through our proposed flexible service initiative, which the AER has accepted. The draft decision suggests it would be more cost effective to re-assemble this data rather than investing in a new program
- a lower cost approach would be to make modest improvements to the existing system to address current deficiencies, with this option not identified in the business case.

[3] AEMC, Integrated distribution system planning, 14 August 2025.
[4] AER, AER - Attachment 2 - Capital expenditure - Draft decision - CitiPower distribution determination 2026-31 - September 2025 p.50.

3. Our revised proposal

Our revised proposal maintains our original investment forecast for non-network marketplace and enhanced network data visibility, as we consider these initiatives best meet the needs of our customers.

Additionally, our revised proposal has been guided by our distribution system operator (DSO) vision. The way our customers use electricity is rapidly evolving, and as we respond to the scale and pace of this transformation, our DSO vision provides the directional framework for making prudent investments that will enable our DSO capabilities to scale over the next ten years.

We have also sought to address the feedback provided through the AER's draft decision.

A summary of our revised proposal for CER integration is shown below in table 2.

TABLE 2 REVISED CER INTEGRATION PROPOSAL ($M, 2026)

CAPITAL EXPENDITURE	FY27	FY28	FY29	FY30	FY31	TOTAL
Network data visibility	1.1	1.5	0.6	0.6	0.6	4.4
Non-network solution	2.9	0.9	0.9	0.9	0.9	6.4
Flexible services	8.6	7.4	7.6	10.3	8.1	42.0
TOTAL	**12.6**	**9.8**	**9.1**	**11.8**	**9.6**	**52.8**

Note: Totals may not add up due to rounding

3.1 DSO vision

As part of our revised proposal, we have developed our DSO vision.[5] We have developed this vision to guide us in making prudent and customer-centric investments that will enable our DSO functions to scale over the next 10 years. Given the dynamic nature of these changes, we recognise this vision will continue to be refined over time, and we are welcoming feedback from our stakeholders through this journey.

Our enhanced data portal is key to enabling customers to unlock value from CER, providing visibility on their local LV network to facilitate their decision making. In addition, access to LV network data through our portal may allow the creation of new product offerings for customers from third party providers, lowering electricity bills.

Our non-network marketplace is also a key initiative in this vision to enable customers, or retailers and aggregators acting on their behalf, to unlock value from CER by providing opportunities to provide non network services. Third party providers may also be able to create new product offerings for customers who may participate in an aggregated response to non-network services, lowering electricity bills. In turn, this will enable our network to procure the most efficient options for a wide range of network constraints, lowering augmentation requirements over time and optimising long-term network costs.

[5] PAL RRP ATT 3.2.01 – DSO vision – Dec2025 – Public.

3.2 Network data visibility

Our revised proposal includes expenditure to improve customer access to data by developing a customer data portal, consistent with our regulatory proposal. This is also consistent with the AER and EMCa's view that market access to low voltage (LV) data is important, and there is merit in expanding the network data available to customers.

3.2.1 Response to AER draft decision

Our detailed responses to the AER's draft decision are described further below.

Enhanced data visibility is prudent and needed

The AER noted that the current volume of data requests does not appear to be overly onerous and that the feedback capability described in our preferred option would not viably answer bespoke information requests from customers.[6]

In the 2026–31 regulatory period, growth of CER integration, electrification and aggregation / non-network solution opportunities on the network will lead to growth in the number of information requests we receive.

The AER's low-voltage network visibility final report also highlights the benefits of sharing network data to foster competition in the delivery of new services and outlines the strong influence data quality and access will have on stakeholders in making informed decisions.[7] While there may be regulatory change regarding publication of new types of data, this only reinforces the recognition of the value of enhanced network data visibility.

The uptake in CER has increased over time. Distributed solar PV (or rooftop solar) uptake in Victoria is forecast to double by the end of 2031. Further, we are seeing exponential increases in the electrification of transport with 26 per cent of our customers expected to have an EV by 2031. Access to network data has become increasingly valuable and is a key enabler to the formation of new markets and products offerings to customers. As more people connect CER this is an opportunity for them to lower their energy bills through the potential new market offerings, allowing customers to get the maximum benefits from the investment.

Generation and storage of electricity through CER, especially to bid into the wholesale market, requires scale and understanding of the electricity environment, such as LV constraints. We engaged with our customers on our CER integration program, and more specifically our proposed network visibility program. Through our engagement program, customers continuously advocated for the efficient and equitable integration of CER, to reduce bills and assist with the transition to net zero-emissions. The current data request process does not supply LV data readily. A customer can only access data by submitting a data request that usually requires accompanying information to be developed to support interpretation of the data as its presentation in our internal data formats is not intended for use outside of dedicated internal engineering teams. This process takes time and therefore adds expense for individual customers to request data, causing a barrier for customers when they wish to access data to get the maximum benefits from investing in CER.

By providing a one stop shop for customers to access this information, we are providing a more equitable market for all customers to invest in CER, increasing the probability that customers will invest in fit for purpose CER, or better utilise their existing CER, reducing curtailment requirements and encouraging flexible exports.

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6 AER, AER - Attachment 2 - Capital expenditure - Draft decision - CitiPower distribution determination 2026-31 - September 2025 p.50.

7 AER, Low-voltage Network Visibility: Final report, March 2025.

For large customers, we expect provision of enhanced network data will allow for benefits including enhanced decision-making. Large commercial customers, local governments, and community groups will be able to use network data to make more efficient decisions, particularly for choosing the optimal location/s for large-scale CER asset installation.

The enhanced data portal will also provide the ability for customers to provide us with location specific feedback, enabling our teams to rectify data issues or inconsistencies that may be present at a specific location. Further, it will enable us to determine any common feedback points or queries which we could also publish in the portal, allowing customers and stakeholders to quickly identify answers to common queries. This feedback would support portal improvements so that it best meets customers' needs and use cases.

Although not all information requests will be avoided by upgrading our customer data portal, many data requests will be avoided by proactive publication of network data in useful and simple to understand ways. Many information requests we receive from local councils, community groups and industry involve customers wanting to understand constraints and capacity on their local network.

By providing LV network data, including network capacity and network constraint details, in an interpretable and extractable format on our customer portal, we will be able to focus the efforts of our customer request team onto the complex requests, avoiding the need to expand the team to cater for the growing interest and requests for LV data. Additionally, we currently provide a point in time capacity outlook of the network. The enhanced portal would be updated on a regular basis, reducing the number of times a customer needs to request data.

Internal LV data requires processing and publication

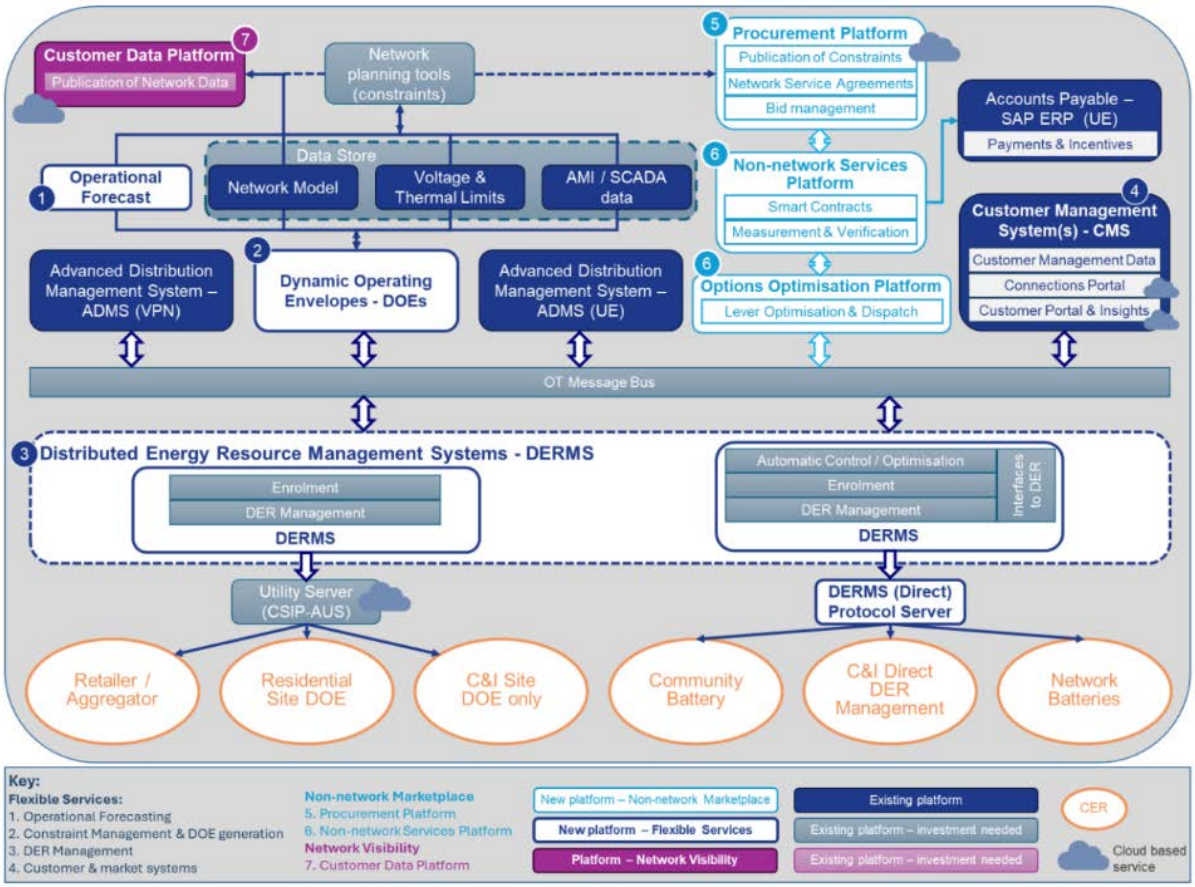
The AER commented that we have LV data visibility for internal purposes through the flexible services initiative that the AER has accepted, suggesting it would be more cost effective to re-assemble this data for our customer portal rather than investing in a new program.[8]

Our programs in the CER integration strategy are interconnected, as seen in figure 1. Data from the flexible service programs feed into the customer data platform. Flexible service systems contain operational forecasts on the LV network, including voltage and thermal limits, AMI/SCADA data and a total network model. These operational forecasts identify network constraints, which can then be published on a variety of platforms including the customer data platform and our network services procurement platform.

The customer data platform we are proposing in this business case uses underlying data from multiple other services and functions, specifically the network model and network constraints, presented in customer friendly and secure display for online publication. Our preferred option uses this existing data, with the costs for the option incurred from having a cloud hosted portal platform and integration of the portal with our internal systems.

[8] AER, AER - Attachment 2 - Capital expenditure - Draft decision - CitiPower distribution determination 2026-31 - September 2025 p.50.

FIGURE 1 CER INTEGRATION SYSTEM ECOSYSTEM



All viable options have been considered

The AER suggested that instead of our preferred option, a lower cost approach would be to make modest improvements to the existing system to address current deficiencies.[9]

We considered different options to upgrade our current provision of network constraint data, including do nothing, a modest investment and a future proof investment. Our cost benefit model outlines the options we considered.[10] There are no additional options with lower cost improvements to our existing systems that will deliver value to customers. There is a base level of investment required to be able to host the significant amount of data associated with our LV network, particularly given the value to customers and stakeholders of having current (being able to be updated on a regular basis) data available.

Our preferred option invests in modest improvements in our current Rosetta portal, improving geographic granularity at the distribution transformer level compared to substation level and providing weekly updates compared to once-a-year snapshot of network constraints. The option to future proof the provision of network data presented too much cost compared to the value customers received, which is why it was not chosen, comparatively the do-nothing scenario did not meet the identified need. Our preferred option was chosen to ensure value and cost-effectiveness for customers.

Providing granular, customer-friendly data is highly desired by our customers as heard through our engagement program. We engaged with our customers on our CER integration program, and more

9 AER, AER - Attachment 2 - Capital expenditure - Draft decision - CitiPower distribution determination 2026-31 - September 2025 p.50.

10 PAL MOD 2.03 - Network data visibility - Jan2025 – Public.

specifically our proposed network visibility program. Through our engagement program, customers continuously advocated for the efficient and equitable integration of CER, to reduce bills and assist with the transition to net zero-emissions. When engaging with customers on network data more specifically, customers raised the following points:

- practical and timely data: there was a strong desire for data that was not only accurate but also timely and relevant to different user groups, from individual customers to businesses and local councils.
- accessible data: participants wanted accessible data in a clear form, noting their concerns about the complexity and nuances
- equity in data access: participants called for equitable access to data, ensuring that all customers, regardless of location or size, could leverage this information.

We do not currently have the capabilities to provide this type of data. As such we are not proposing a wholesale re-vamp of our data and customer portal but instead improving the timeliness, interpretability of the data and providing new functions so customers can extract the data as well as provide feedback on the portal.

Current rule change requests support the value of enhancing network data

The AEMC is considering Energy Consumers Australia's integrated distribution system planning (IDSP) rule change request, which would reform the current distribution annual planning process and require distributors to publish new types of network data. We support the premise of the rule change but look to ensure value and cost-effectiveness of data provision. The type of data and standardised system is still not known, with the draft determination published by March 2026.

We have provided feedback on this rule change request which maintains that the availability of network data is better achieved through a transparent engagement process with customers and stakeholders who will be asked to fund the provision and maintenance of this data. They should also be given the opportunity to consider the benefits that are provided by that data including the benefits to them. We do not consider this should be determined by regulators or government.

Dedicated consideration is also required for network data provision outside of this rule change. It needs to start with consideration of what data is needed by customers of each network, rather than generic assumptions or the needs of 'vested' industry stakeholders. A network data and insights roadmap was suggested by Energy Consumers Australia to track distributor's transition towards the IDSP outcomes, with publications due in 2027. The roadmap will ensure understanding of customer preferences are incorporated in the amount and display of network data.

Investing in upgrading network data visibility in the coming regulatory period will provide learnings that can be incorporated into our roadmap and shared with other distributors. We will consider the rule change outcomes in the development of our enhanced data portal and will be well positioned for cost effective implementation and compliance with any rule change given our proactive portal development. This will also allow us to deliver enhanced network data to our customers and stakeholders in a timely manner, instead of delaying access to our customers to ultimately deliver a service that may not be specific to their needs.

3.2.2 Revised proposal forecast

Consistent with the reasons provided above and our original options analysis, investing in our data portal is the most economic option to improve access for customers to our network information to enable more informed decision-making regarding their energy supply.

Reducing asymmetries in the CER market with our customer driven investment provides long-term benefits to customers, in line with the national electricity objectives; to postpone this investment to the next regulatory period just postpones these benefits for customers.

Our revised proposed capital expenditure forecast is set out in table 3 below.

TABLE 3 REVISED PROPOSAL: NETWORK DATA VISIBILITY ($M, 2026)

PROJECT	FY27	FY28	FY29	FY30	FY31	TOTAL
Capital expenditure	0.4	0.6	0.6	0.6	0.6	2.8
Operational expenditure	0.7	0.9	-	-	-	1.6
TOTAL	**1.1**	**1.5**	**0.6**	**0.6**	**0.6**	**4.4**

3.3 Non-network marketplace

Our revised proposal includes expenditure to promote the market maturity of non-network services by publishing all our constraints, consistent with our original regulatory proposal.

We have maintained our original proposal as we have responded to AERs concerns and continue to see a platform to better socialise constraints and engage with non-network solutions providers as a large benefit stream for customers in the future as CER integration on our network continues to grow.

3.3.1 Response to AER draft decision

Our detailed responses to the AER's draft decision are described further below.

It is prudent to invest within the 2026–31 regulatory period

The AER noted that the market is not presently mature enough to meet network constraints at a lower cost than network augmentation. This was referenced by our 2023 trial of our non-network marketplace resulting in zero bids.[11]

We accept that the maturity of the current market has not provided the most economic solutions to network constraints. We disagree, however, that this implies there should be no further investment in this initiative.

Our customers supported the proposal to invest in a non-network marketplace despite the third-party market not yet being strongly established. Participants recognised the longer-term strategy to move to a position where low-cost solutions could be increasingly implemented to defer or avoid network augmentation.

Providing a marketplace enables access to growing numbers of small-scale non-network services

Non-network solutions to network constraints above $6m are currently required to be procured through RIT-D assessments. This lends itself to large scale non-network solutions, as opposed to the new possibilities available on the low voltage network to smaller scale constraints. There are currently a limited number of non-network solutions in operation across networks due to the upfront capital expense, information requirements and time intensive processes. This results in barriers to enter the market.

[11] AER, AER - Attachment 2 - Capital expenditure - Draft decision - CitiPower distribution determination 2026-31 - September 2025 p.50.

By providing easily accessible information on the value of deferring constraints on the network, customers will understand opportunities for future investments, giving them more confidence to invest, or provide additional revenue streams for existing assets already installed. To obtain maximum benefits from CER integration, providing a non-network marketplace in the 2026–31 period enables customers and service providers to easily engage with non-network solution opportunities. From March to October 2025 the non-network services we have advertised grew from 175 projects to 255 projects.

With growth in both the supply and demand of non-network services registered on the market we are confident that suppliers will be increasingly successful in bidding for the provision of non-network services.

Increasing CER uptake will deepen the non-network market capacity

The capital costs of owning batteries and solar PV combined have been reducing over time, resulting in increased ownership of these more flexible CER assets. As more stakeholders possess the means to produce electricity with flexibility behind the meter, increased non-network options will become available. We already see significant growth in the supply of capacity on our network from CER and this has started to trickle into the available capacity registered on Piclo, with 86MW registered in early 2025 growing to 617MW registered in October 2025.

Given the significant growth we have seen in capacity and non-network services advertised across a relatively short two-year period, removing the marketplace will significantly delay the benefits and value that customers can derive from their CER assets.

Marketplace capabilities must mature as the market matures

By providing a marketplace, the process of procurement, building and maintaining non-network solutions is streamlined, making non-network solutions cheaper and easier to apply for, especially for new third-party proponents of electricity generation.

EMCa noted that there are many factors that influence the extent to which non-network solutions are deployed, and we assert that a marketplace is a crucial factor in enabling non-network solution deployment at a wider scale. In addition, as part of our marketplace trial and development we have and will continue to collaborate with the market, provide market transparency and simplified participation for providers, which are the additional factors noted in enabling non-network solution deployment. The absence of a marketplace would significantly hinder our ability to progress on these additional success factors.

As stated in our original proposal, larger customers and stakeholders raised their preference for clear direction on how they could be involved in utilising their CER to unlock additional value. In the absence of a marketplace, non-network service providers will not have clear direction over the network services available and will lose confidence in building and strengthening their portfolios of available capacity, reducing the products and flow on benefits that may be available to customers.

Investment is required in 2026–31 to unlock customer benefits

The AER draft decision highlights that it may be prudent to delay investment given the delay in customer benefits realised. The draft decision also refers to the transient nature of the energy transition, putting doubt on the rate of change for technology, regulatory and government policy.

We assert that benefits beyond a five-year regulatory period should not be disregarded, and a postponement of expenditure will not correlate to a shorter duration to customer benefit realisation.

Our experience has shown that it will take time and regulatory commitment to successfully develop a mature third-party non-network market. The UK experienced similar barriers during the development of their flexibility market over the past decade, with a greater flexibility focus being staged over a significant period.

By delaying the implementation and growth of a non-network services platform, this will result in a delay in the provision of non-network solutions and encourage investment in network augmentation over a longer period. As network assets have significant lifespans this will reduce the potential to capitalise on CER investments over a much longer period. The faster a non-network marketplace can grow, the greater flexibility there is in achieving cost effective network management, particularly given the significant changes that are occurring within the energy landscape as noted by the AER. The regulatory framework operates in the long-term interest of consumers, and it is with this long-term interest that we recommend pursuing a non-network marketplace.

Our economic assessment

In its draft decision, the AER stated that our economic modelling approach assessed the costs and benefits over different time periods, resulting in an overestimation of the net present value of our investments. This decision drew from statements made by EMCa in its review of our proposed expenditure.[12]

As we discuss in section 4.1 of our revised proposal, EMCa's finding of a misalignment between annualised costs and the assessment of benefits contradicts advice previously provided to the AER by its own consultant, Frontier Economics, as to how costs and benefits should be evaluated. This advice has been further corroborated in subsequent AER processes by HoustonKemp.[13][14]

Fundamentally, EMCa's analysis is flawed in that it omitted the need to consider terminal values in its discounted cash-flow analysis. Accordingly, our revised proposal maintains our original modelling approach.

3.3.2 Revised proposal forecast

Consistent with the reasons provided in this addendum and our original options analysis, our preferred approach is to further improve the way we engage with the non-network services market to better utilise CER. That is, we propose to support the availability of non-network opportunities through investment in a non-network marketplace.

Our detailed expenditure forecast for the 2026–31 regulatory period is set out below in table 4.

TABLE 4 REVISED PROPOSAL: NON-NETWORK MARKETPLACE ($M, 2026)

PREFERRED OPTION	FY27	FY28	FY29	FY30	FY31	TOTAL
Capital expenditure	2.9	-	-	-	-	2.9
Operating expenditure	-	0.9	0.9	0.9	0.9	3.5
TOTAL	**2.9**	**0.9**	**0.9**	**0.9**	**0.9**	**6.4**

12 AER, AER - Attachment 2 - Capital expenditure - Draft decision - CitiPower distribution determination 2026-31 - September 2025 p.51.
13 Frontier Economics, RIT-T assessment: South Australian Energy Transformation; a final report prepared for the AER, December 2019.
14 HoustonKemp, Transgrid repex and augex business cases review, October 2022.

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