

## Electricity Distribution Price Review FY2027 to FY2031 (EDPR 2027-31)

### Resubmission Addendum: Metering Systems

Date: 1 December 2025



# Table of contents

<b>Executive Summary</b>	<b>4</b>
<b>1. AusNet's proposal and AER Draft Decision</b>	<b>5</b>
1.1. Initial Submission Summary	5
1.2. AER Draft Decision feedback	6
<b>2. AusNet's Revised Proposal</b>	<b>7</b>
2.1. Flexible Trading Arrangements	7
2.2. Smart Public Lighting	8
<b>3. Evaluation of Options</b>	<b>9</b>
3.1. Non-credible options	9
3.2. Recommended option	9

## Document history

DATE	VERSION	COMMENT
18/11/2025	V1.0	Draft business case addendum
28/11/2025	V2.0	Final addendum for submission

## Related documents

DOCUMENT	VERSION	AUTHOR
Revised Proposal Digital Program NPV Model	V2.0	AusNet Services
2025 Flexible Trading Arrangements Cost Pass Through Application (submitted 14 Nov 2025)	V1.0	AusNet Services

## Approvals

POSITION	DATE
Digital & Technology – Strategy, Regulatory and Partner Management	November 2025
Digital & Technology – Architecture	November 2025
Metering – Strategy and Regulation	November 2025
Distribution – Strategy and Regulation	November 2025

# Executive Summary

AusNet's metering systems and data are essential to accurately bill our customers and to efficiently settle the wholesale market. Our metering systems ICT program proposed recurrent expenditure to maintain the reliability and security of these systems, and non-recurrent investments to support increasing volumes of 5-minute settlement data and meet the Flexible Trading Arrangements Rule change requirements.

The AER's Draft Decision accepted AusNet's proposed recurrent expenditure and non-recurrent expenditure supporting increasing data volumes. The Draft Decision did not accept proposed Flexible Trading Arrangements expenditure, highlighting uncertainty of these arrangements in Victoria at the time of the Draft Decision. This expenditure was removed from the Draft Decision, with the AER advising that it should be re-proposed as Standard Control Services (SCS) once regulatory outcome in Victoria is clear.

Since our original submission and the AER's Draft Decision, regulatory changes have progressed and necessitated two additional compliance-driven programs in our Revised Proposal:

- **Resubmission of Flexible Trading Arrangements (FTA)** – The AEMC Rule determination "Unlocking CER benefits through flexible trading" will require Distribution Network Service Providers to make metering system changes to support customers with secondary connection points (Type 8A and 8B meters) and enable Type 9 metering for our customer.
- **Smart Public Lighting** – Based on expected Ministerial Order, In the coming regulatory period AusNet reasonably expects to be required to provide Type 9 metering to our Public Lighting customers upon their request.

AusNet has completed design for both of these compliance requirements and engaged our delivery partners to develop cost estimates. For Smart Public Lighting we have additionally completed market evaluation via request for proposal for a required new Central Management System.

Given the required compliance timelines and estimated project costs, AusNet has submitted a cost pass through application to the AER associated with the required Flexible Trading Arrangements expenditure in the current regulatory period. Our Revised Proposal includes expenditure required in the coming regulatory period to complete the FTA project, which has been allocated as Standard Control Services (SCS). Our Revised Proposal also includes required expenditure to deliver Smart Public Lighting, with expenditure allocated as Alternative Control Services (ACS)

Based on the initial proposal expenditure approved in the AER's Draft Decision, plus the required expenditure for Flexible Trading Arrangements and Smart Public Lighting, AusNet's Revised Proposal expenditure for metering systems is detailed in **Table 1** below. Also detailed in Table 1 is resulting total program capex and opex allocations to SCS and ACS. SCS opex for Flexible Trading Arrangements has been included in AusNet's revised proposal as an adjustment to final year allowance and through a step change to ensure that only the incremental opex is included in our forecast.

**Table 1 – Revised Proposal forecast expenditure for Metering Systems (\$m real 2024)**

Cost item	FY2027	FY2028	FY2029	FY2030	FY2031	Total
<b><u>Accepted programs</u></b>						
<b>Recurrent capex</b>	-	\$3.0m	\$5.7m	\$1.6m	-	<b>\$10.3m</b>
<b>Non-recurrent capex</b>	-	-	-	-	\$3.2m	<b>\$3.2m</b>
<b><u>Additional programs</u></b>						
<b>Non-recurrent capex</b>	\$9.2m	-	-	-	-	<b>\$9.2m</b>
<b>Incremental opex</b>	\$1.0m	\$0.2m	\$0.2m	\$0.3m	\$0.4m	<b>\$2.1m</b>
<b>Total program capex</b>	<b>\$9.2m</b>	<b>\$3.0m</b>	<b>\$5.7m</b>	<b>\$1.6m</b>	<b>\$3.2m</b>	<b>\$22.7m</b>
SCS Capex	\$4.0m	\$1.5m	\$2.3m	\$0.8m	-	\$8.6m
ACS Capex	\$5.2m	\$1.5m	\$3.4m	\$0.8m	\$3.2m	\$14.1m
<b>Total program opex</b>	<b>\$1.0m</b>	<b>\$0.2m</b>	<b>\$0.2m</b>	<b>\$0.3m</b>	<b>\$0.4m</b>	<b>\$2.1m</b>
SCS Opex	\$0.5m	\$0.1m	\$0.1m	\$0.1m	\$0.1m	\$0.8m
ACS Opex	\$0.5m	\$0.1m	\$0.1m	\$0.2m	\$0.3m	\$1.2m

# 1. AusNet's proposal and AER Draft Decision

Metering data is essential to accurately bill our customers and to efficiently settle the wholesale market. The data is also used to help us plan a safe and reliable network and to improve restoration times for our customers. We utilise technology systems to store and distribute information collected from our smart meters and any remaining manually read meters.

This section summarises AusNet's initial FY2026-31 regulatory period proposal for these metering systems, including recurrent investment to maintain existing capabilities and non-recurrent investments to meet new compliance obligations. Also detailed is the Australian Energy Regulator's (AER's) Draft Decision, alternative forecast, reasons for adjustments to AusNet's proposal, and feedback to be addressed in revised proposal.

## 1.1. Initial Submission Summary

AusNet's initial submission proposed both recurrent and non-recurrent expenditure for metering systems:

- Recurrent expenditure to maintain the reliability and security of our existing metering systems, through system updates at the end of vendor support periods. This expenditure constituted updating our smart metering systems, our smart meter power quality information systems (i.e., voltage and power factors), and non-smart metering data systems.
- Non-recurrent expenditure to meet existing and new compliance obligations. This expenditure constituted two required system enhancements; a significant upgrade to our Meter Data Management system to cater for the increased processing of 5-minute data from forecast 275,00 new meters installed in the 2026-31 period, and upgrades to our metering systems to capture and store information on Type 8A, Type 8B and Type 9 meters to meet the Flexible Trading Arrangement Rule change requirements.

The costs for each of these expenditure items, along with allocation to Standard Control Services (SCS) and Alternative Control Services (ACS), in AusNet's initial proposal are shown in **Table 2** below.

**Table 1 – Forecast annual meter installations in the 2027-31 regulatory period**

Proposed Investments	Total (\$M)	SCS / ACS Allocation
<b>Recurrent Capex Expenditure</b>	<b>\$10.3M</b>	
AMI Metering	\$6.0M	50% SCS / 50% ACS
AMI Power Quality	\$3.2M	50% SCS / 50% ACS
Non-AMI Metering inc. Hardware	\$1.1M	100% ACS
<b>Non-recurrent Capex Expenditure</b>	<b>\$6.0M</b>	
Meter Data Management (5 min settlements)	\$3.2M	100% ACS
Flexible Trading Arrangements	\$2.8M	100% ACS
<b>Total Capex</b>	<b>\$16.3M</b>	<b>\$4.6M SCS / \$11.7M ACS</b>
<b>Opex: Flexible Trading Arrangements Incremental Licences and Support</b>	<b>\$0.3M</b>	100% ACS

## 1.2. AER Draft Decision feedback

The AER accepted AusNet's proposed recurrent expenditure and non-recurrent expenditure for enhancement of meter data management systems. The AER provided feedback that:

- Recurrent IT capex was sufficiently justified and that the balancing of costs and risks was reasonable.
- Non-recurrent IT capex to support increasing volumes of data for 5-minute settlement requirements was prudent, reflecting the lack of expenditure in this area in the 2021–26

The AER did not accept AusNet's proposed expenditure to support Flexible Trading Arrangements, highlighting uncertainty of these arrangements in Victoria at the time of the Draft Decision. This expenditure was removed from the Draft Decision, with the AER advising that it should be re-proposed as Standard Control Services (SCS) once regulatory outcome in Victoria is clear.

The AER's Draft Decision also included a \$0.4m reduction to SCS capex, reasoned as an error in proportioning of ACS and SCS. Through correspondence, the AER subsequently advised that adjustment was incremental \$0.4m, associated with updated metering model inputs for inflation and labour escalation.

## 2. AusNet's Revised Proposal

AusNet accepts the AER's Draft Decision regarding proposed recurrent metering systems expenditure, and non-recurrent investment for enhanced meter data management.

In our revised metering systems proposal we have incorporated two compliance-driven programs additional to the Draft Decision:

- Resubmission of Flexible Trading Arrangements
- Smart Public Lighting

The basis of these programs is detailed in the following sections:

### 2.1. Flexible Trading Arrangements

On 15 August 2024, the Australian Energy Market Commission (AEMC) made a Rule determination, "Unlocking CER benefits through flexible trading", in response to a rule change request submitted by the Australian Energy Market Operator (AEMO). AEMO's rule change proposal was developed as part of the Energy Security Board consumer energy resources (CER) implementation plan.

This Rule change requires Distribution Network Service Providers (DNSPs), such as AusNet, are to make changes to their metering systems and processes to support customers (small, commercial, industrial and local government organisations) seeking to leverage the new arrangements. In particular, the new Rules requires the following changes:

- **Support customers with secondary connection points with Type 8A and 8B metering in our systems** - for our customers with Type 4 metering (small and large customers) with a secondary settlement point with Type 8A or 8B metering in accordance with the new Rule clause 7.2.6(b)(3), AusNet will need to record and use this interval metering data to provide quality customer services in accordance with the Electricity Distribution Code of Practice applying to secondary settlement points, and make relevant determinations in respect to Section 7A of the AER's connection charge guideline for electricity customers. These changes are required by 1 November 2026.
- **Enable Type 9 metering for our customers** - for new and existing customers seeking to establish Type 9 metering connection points on our network for publicly accessible appliances (e.g., lights, EV chargers, telco equipment, or a Council with smart parking senses). Our existing interval metering data management system needs to be updated to incorporate, process and for Type 9 only, bill the data. Our customer information, asset management, and customer interface systems need to be updated to manage this new expectation. These changes are required by 31 May 2026.

AusNet submitted a cost pass through application to the AER on 14 November 2025, detailing the scope of work and required expenditure to deliver these requirements. The cost pass through encompassed expenditure required in the current 2021-2026 regulatory period, with expenditure required in the upcoming 2026-31 regulatory period to be included in AusNet's EDPR revised proposal.

Based on implementation requirements developed with business subject matter experts and documented through Workflows, Reports, Interface, Conversion, Enhancements, and Forms (WRICEF), required expenditure to implement the Flexible Trading Arrangements was estimated by AusNet's digital delivery partners. These costs are shown in **Table 3** below, which is consistent with AusNet's cost pass through application. Further detail regarding scope and cost basis is provided in the cost pass through application.

All of the required systems and procedure upgrades are deployed to provide standard control services, that is, because they relate to system level, market-enabling upgrades required of all distribution networks. As such they have been included in AusNet's revised EDPR proposal as 100% allocated to the distribution network and as SCS capex, which is consistent with the AER's Draft Decision feedback. Incremental non-recurrent opex for project implementation and recurrent opex for incremental licensing has been included in AusNet's revised proposal as an adjustment to final year allowance and through a step change to ensure that only the incremental opex is included in our forecast.

**Table 3 – Forecast expenditure for Flexible Trading Arrangements (\$m, nominal)**

Cost item (As per Cost Pass Through)	FY26	FY27	FY28	FY29+	Total
<b>Capex implementation</b>	<b>\$15.0m</b>	<b>\$4.3m</b>			<b>\$19.4m</b>
Metering, Asset and Integration Systems	\$9.1m	\$2.3m			\$11.4m
Customer and Data Systems	\$1.6m	\$0.4m			\$2.0m
Infrastructure	\$1.6m	\$1.0m			\$2.6m
AusNet Change Management	\$0.6m	\$0.2m			\$0.8m
AusNet Program Management	\$2.1m	\$0.4m			\$2.5m
<b>Opex incremental</b>	<b>\$0.2m</b>	<b>\$0.6m</b>	<b>\$0.1m</b>	<b>\$0.1m</b>	<b>\$1.1m</b>
Implementation (non-recurrent)	\$0.2m	\$0.5m			\$0.7m
Ongoing support and maintenance (recurrent)	-	\$0.1m	\$0.1m	\$0.1m	\$0.3m
<b>EDPR Submission Basis (\$real 2024)</b>					
<b>Total Capex (\$m real 2024)</b>		<b>\$4.0m</b>	-	-	<b>\$4.0m</b>
<b>Total Opex (\$m real 2024)</b>		<b>\$0.5m</b>	<b>\$0.1m</b>	<b>\$0.1m</b>	<b>\$0.3m</b>

## 2.2. Smart Public Lighting

In the coming regulatory period, AusNet reasonably expects to be required to provide Type 9 metering to our Public Lighting customers upon their request.

The Responsible Minister for the Electricity Industry Act 2000 is expected to revoke the existing ministerial order of 12 October 2017 and issue a new order. Amongst other changes, the new order will give effect to the Flexible Trading Arrangements rule change in Victoria, and Clause 5 of these orders are expected to introduce an obligation on AusNet to provide Type 9 metering. The Type 9 meters on public lights are smart lighting controllers. Hence, we describe a public light with a Type 9 meter as a smart light.

We plan to commence a project to deliver the required changes for functional, compliant and efficient smart public lighting. To do so, we assessed the requirements to determine the high-level design for the Flexible Trading Arrangements system and process changes. These requirements were developed and confirmed in workshops with business subject matter experts (SMEs) and functional leads/managers. The outcome of these meetings was a documented list of Workflows, Reports, Interface, Conversion, Enhancements, and Forms (WRICEF).

Our IT delivery vendors (Wipro and IBM) that support, as primary interface, our digital systems have provided estimates and quotations to deliver the documented WRICEFs requirements. Responses from 3 potential Central Management System vendors to a Request for Proposal (RFP) were also used to develop our project cost estimate. Additionally, our change management team estimated the resources needed for training, change management and communications.

The resulting cost estimate for implementation and ongoing licencing and support for smart public lighting is detailed in **Table 4** below. This expenditure has been classified as Alternative Control Services (ACS).

**Table 4 – Forecast expenditure for Smart Public Lighting (\$m, real 2024)**

Cost item	FY27	FY28	FY29	FY30	FY31	Total
<b>Capex Implementation</b>	\$5.2m	-	-	-	-	<b>\$5.2m</b>
<b>Opex Implementation</b>	\$0.5m					<b>\$0.5m</b>
<b>Opex Licencing and Support</b>	-	\$0.1m	\$0.1m	\$0.2m	\$0.3m	<b>\$0.7m</b>
<b>Total expenditure</b>	<b>\$5.7m</b>	<b>\$0.1m</b>	<b>\$0.1m</b>	<b>\$0.2m</b>	<b>\$0.3m</b>	<b>\$6.4m</b>



## 3. Evaluation of Options

### 3.1. Non-credible options

The drivers for recurrent metering systems investment, to maintain systems resilience and cyber security, and non-recurrent investment to enhance meter data management systems for increasing data volumes, remain unchanged from AusNet's initial proposal. These investments were accepted by the AER.

Both incremental investments in AusNet's revised proposal, as detailed in Section 2, are required to meet new regulatory compliance obligations. Failing to deliver these programs, and not meeting regulatory requirements, is not viewed as a credible alternative option.

As a result, AusNet does not consider that there are credible alternative options for metering systems investment in the FY2027-31 regulatory period.

### 3.2. Recommended option

AusNet's recommended revised Metering System proposal is made up of the initial proposal investments accepted by the AER, plus the two projects to deliver Flexible Trading Arrangements and Smart Public Lighting as required to meet new regulatory requirements. The resulting proposed expenditure, along with allocations to Standard Control and Alternative Control Services, are detailed in **Table 5** below. All expenditure is 100% allocated to AusNet's distribution line of business. SCS opex for Flexible Trading Arrangements implementation and licensing and support has been included in AusNet's revised proposal as an adjustment to the final year allowance and through a step change to ensure that only the incremental opex is included in our forecast.

**Table 5 – Forecast expenditure for Flexible Trading Arrangements implementation (\$m, real 2024)**

Cost item	FY27	FY28	FY29	FY30	FY31	Total	SCS / ACS Allocation
<b><u>Accepted programs</u></b>							
<b>Recurrent capex</b>	-	\$3.0m	\$5.7m	\$1.6m	-	\$10.3m	
AMI Metering	-	\$3.0m	\$3.0m	-	-	\$6.0m	50% SCS / 50% ACS
AMI Power Quality	-	-	\$1.6m	\$1.6m	-	\$3.2m	50% SCS / 50% ACS
Non-AMI Metering	-	-	\$1.1m	-	-	\$1.1m	100% ACS
<b>Non-recurrent capex</b>	-	-	-	-	\$3.2m	\$3.2m	
Meter data mgmt.	-	-	-	-	\$3.2m	\$3.2m	100% ACS
<b><u>Incremental programs</u></b>							
<b>Non-recurrent capex</b>	\$9.2m	-	-	-	-	\$9.2m	
Flexible Trading Arrangements	\$4.0m	-	-	-	-	\$4.0m	100% SCS
Smart Public Lighting	\$5.2m	-	-	-	-	\$5.2m	100% ACS
<b>Incremental opex</b>	\$1.0m	\$0.2m	\$0.2m	\$0.3m	\$0.4m	\$2.1m	
FTA implementation	\$0.4m	-	-	-	-	\$0.4m	100% SCS
Smart lighting implementation	\$0.5m	-	-	-	-	\$0.5m	100% ACS
FTA support & maintenance	\$0.1m	\$0.1m	\$0.1m	\$0.1m	\$0.1m	\$0.3m	100% SCS
Smart lighting licencing	-	\$0.1m	\$0.1m	\$0.2m	\$0.3m	\$0.7m	100% ACS
<b>Total program capex</b>	<b>\$9.2m</b>	<b>\$3.0m</b>	<b>\$5.7m</b>	<b>\$1.6m</b>	<b>\$3.2m</b>	<b>\$22.7m</b>	
SCS Capex	\$4.0m	\$1.5m	\$2.3m	\$0.8m	-	\$8.6m	
ACS Capex	\$5.2m	\$1.5m	\$3.4m	\$0.8m	\$3.2m	\$14.1m	
<b>Total program opex</b>	<b>\$1.0m</b>	<b>\$0.2m</b>	<b>\$0.2m</b>	<b>\$0.3m</b>	<b>\$0.4m</b>	<b>\$2.1m</b>	
SCS Opex	\$0.5m	\$0.1m	\$0.1m	\$0.1m	\$0.1m	\$0.8m	
ACS Opex	\$0.5m	\$0.1m	\$0.1m	\$0.2m	\$0.3m	\$1.2m	

# AusNet

## AusNet

Level 31  
2 Southbank Boulevard  
Southbank VIC 3006

T 1300 360 795

Locked Bag 14051  
Melbourne City Mail Centre  
Melbourne VIC 8001

## Follow us on

 @AusNet.Energy

 @AusNet

[ausnet.com.au](http://ausnet.com.au)

