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Dr Kris Funston

Executive General Manager Network Regulation

Australian Energy Regulator

Submission via email: vic2026@aer.gov.au

19 January 2026

Draft decision and revised proposals: Victorian electricity distribution determinations 2026-31

Dear Dr Funston,

AGL Energy (**AGL**) welcomes the opportunity to make a submission to the Australian Energy Regulator's (**AER**) draft decision and the Victorian distribution network service providers' (**DNSPs**) revised revenue proposals for the 2026 – 2031 regulatory period.

This submission outlines AGL's position on the matters of controlled load tariffs, grid-scale storage tariffs, negotiated services, electric vehicle (EV) trial tariffs, and consumer energy resources (CER) tariffs.

Controlled load tariffs

As noted in our previous submission, AGL supports AusNet Services' proposal to reassign all residential customers with dedicated circuits to a new 24-hour dedicated circuit tariff and DNSPs' proposals to introduce lower rates for controlled load across the state. AGL supports changes to CitiPower, Powercor and United Energy's (CPU) revised proposals, which seek to classify 'hot water flexibility as a service' as a new negotiated service.

AGL's view remains that all five Victorian networks should implement / retain 24-hour dedicated circuit tariffs as a minimum in the next regulatory period. Enabling controlled load hot water to charge in the middle of the day when wholesale prices are generally low is a no-regrets change that would benefit consumers from a pricing and system security perspective. AGL acknowledges Jemena's commitment to consider a controlled load trial tariff during the next regulatory period. AGL encourages Jemena to pursue this initiative as soon as practical, and to consider options to collaborate with retailers on hot water orchestration initiatives.

Grid-scale storage tariffs

AGL is supportive of the introduction of grid-scale storage tariffs by DNSPs. As a general principle, these tariffs should come at a low underlying cost if batteries are operating in a way which benefits the networks.

AGL supports tariffs with export rebate features, such as AusNet Services' existing neighbourhood and utility-scale storage trial tariffs. AGL also supports features where fixed charges are based on a $/year charge (e.g., Jemena's A30B and A40B tariffs) and are not determined by the battery's capacity charge. Year-round capacity charges disincentivise the installation of larger systems and do not account for the battery's behaviour, which can be shaped to consume or export at times of lower network utilisation and higher system need.

Larger battery systems connecting to CPU's proposed flexible connection tariffs would be subject to a higher annual network charge regardless of their behaviour. This is despite CPU's tariffs being subject to a flexible connection agreement which would ensure batteries operate within the network's existing capacity. This contrasts strongly with systems connected under AusNet's trial storage tariffs and Jemena's battery tariffs, which would incur the same standing charge regardless of system size (within a range) and which would be incentivised to change their behaviour based on peak, off-peak and solar sponge price signals. In addition to this, battery systems under AusNet's trial tariffs could theoretically benefit from an overall network credit if they operated in ways which reduced network strain.

AGL acknowledges CPU have stated that 'flexible connections located in areas where network support is required will have the opportunity to be rewarded through network support payments outside network tariffs'[1]. However, these payments are yet to be established and would only be awarded for deferred network augmentation[2]. AGL encourages the AER and CPU to consider mirroring Jemena and AusNet's standing charge ($/year) and moving away from a year-round capacity charge ($/kW/month) to incentivise the deployment of third-party owned and operated grid-scale storage in these networks.

'Distribution asset rental' as a negotiated service

AGL supports the AER's proposal to classify 'distribution asset rental' [for EV chargers / associated hardware] as a negotiated service. However, this change will not address many of the existing challenges related to the connection of EV charging infrastructure (EVCI) in the distribution network. Standardised and transparent connection and negotiation timeframes remain essential to promote the fast and cost-effective connection of EVCI in Victoria.

The negotiation framework relates to a third party's request to access distribution assets for the purpose of installing EVCI. However, AGL's interpretation is that this does not include other steps critical to a successful EVCI installation - including obtaining connection approval. In practice, this means that parties seeking to connect in these network areas could face two (or more) parallel processes with different points of contact, timeframes and outcomes. There is also significant variability in connection timelines across the Victorian DNSPs (and, more broadly, across different states).

AGL encourages the AER and Victorian DNSPs to consider whether negotiation timeframes could be made consistent across networks (and lowered as far as practicable), and whether different application processes such as asset rental and connection approvals could be undertaken concurrently.

While Victorian DNSPs are proposing to publish negotiation outcomes on a quarterly basis, the AER could also consider mirroring some of the conditions imposed as part of CPU's EVCI ring-fencing waiver for all DNSP negotiated services. For example:

- requiring DNSPs to publish a negotiation procedure document for third-party pole access seekers which includes the steps required to process EV charging connections and pole access requests
- specifying the information to be published in the DNSPs' quarterly reports (e.g., a breakdown of fees charged to unrelated parties, number of successful / unsuccessful applications, and average connection timeframes).

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[1] Powercor, Revised proposal 2026-31, Tariff structure statement – Explanatory statement, page 55.
[2] Powercor, Revised proposal 2026-31, Tariff structure statement – Explanatory statement, Figure 9.18, (page 54).

These changes would improve industry confidence in the success of EVCI connections in Victoria and promote competitive neutrality.

EV kerbside trial tariffs

AGL supports the Victorian DNSPs' introduction of EV kerbside trial tariffs, including the proposal to exclude fixed charges and include a V2G reward component. However, AGL notes that the current trial has been narrowly defined and there are differences in the scope of the three trial tariff notifications. For example, while all DNSPs are seeking to incentivise 'kerbside EV charging', AGL's interpretation is that:

- AusNet and CPU's tariffs are limited to a maximum capacity of 44 kW
- AusNet's tariff is further limited to 'pole-mounted' chargers
- CPU's tariff cannot be accessed by 'larger DC chargers'.

The AER should encourage Victorian DNSPs to broaden the eligibility of this kerbside trial tariff to ensure it is technology neutral. Ideally, DNSPs would also commit to introducing new EV trial tariffs over the 2026-31 regulatory period which apply to different forms of EV charging.

CER tariffs

Network tariffs should be designed to be simple, actionable, and fair. Therefore, AGL supports the introduction of opt-in two-way CER tariffs designed to incentivise demand flexibility in residential customers with the capacity to respond to these price signals. To maximise simplicity and customer understanding default network tariff structures should be standardised for each state jurisdiction. Currently, CPU's CER tariff structure includes a seasonal component which is not present in AusNet and Jemena's CER tariffs. The AER could consider whether CER tariffs could be made consistent across Victoria.

AGL's view is also that the new CER tariffs should also be accompanied by clear and transparent communication materials, so customers clearly understand how their energy use affects their bills. These would ideally be consistent across networks (e.g., AER materials which can be used for all Victorian customers). Given retailers' central role in implementing these tariff signals, early engagement and sufficient lead times will be critical to minimise customer confusion.

If you have any queries about this submission, please contact Andrea Espinosa at aespinosa2@agl.com.au.

Yours sincerely,

Kyle Auret

Senior Manager, Policy and Market Regulation

About AGL

Proudly Australian for more than 187 years, AGL supplies energy and other essential services to residential, small and large businesses and wholesale customers. AGL is committed to providing our customers with simple, fair and accessible services as they decarbonise and electrify the way they live, move and work. AGL is investing in flexibility and has been making strong progress against our grid-scale battery and distributed energy resources (DER) targets. As of FY25 AGL had 1.49 GW of decentralised assets under orchestration, and a FY27 target of 2.5 GW of demand-side flexibility. AGL is also a market leader in the development of innovative products that enable consumers to make informed choices on how and when to optimise their energy usage to better manage their energy costs.