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Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Lodged electronically

Submission to AER 2026-31 Victorian electricity distribution determinations

Nexa Advisory welcomes the opportunity to comment on the Australian Energy Regulator's (AER) electricity distribution determination for Victorian Distribution Network Service Providers (DNSPs) for the 2026-31 regulatory control period.

Nexa is an advisory firm with an unwavering focus to accelerate the clean energy transition in a way that provides secure, reliable, and affordable power for consumers of all types. Nexa Advisory is a team of experienced specialists in the energy market, policy and regulation design, stakeholder engagement, and advocacy. We work with public and private clients including renewable energy developers, investors and climate impact philanthropists to help them get Australia's clean energy transition done.

The revised proposals and AER's determinations are occurring within the existing paradigm of distribution network regulation; the Victorian determinations are being made against a backdrop of rapidly changing demand drivers, with growing need for new incentive structures to support efficient utilisation of existing networks, competitive procurement of services and cost-reflective yet customer-protective tariff designs.

The current five-year reset framework is increasingly misaligned with the pace of change in distribution networks. Nexa has previously highlighted that the combination of long reset periods and ex-ante forecasting can create regulatory lag, with network costs effectively 'locked-in' each five-year revenue reset period¹ - despite rapid changes in technology, market and demand drivers we are now seeing within this window.

As such, we support a broader review of the economic regulation of DNSPs (including incentive design and tariff regulation) and notes the review of distribution network regulation commenced by the AEMC². We encourage the AER to align its decision-making to support this reform agenda.

Additionally, the AER's final decisions must not lock in unnecessary expenditures for areas which are the focus for many reform programs currently underway – including the National CER Roadmap and Integrated Distribution System Planning rule change³.

Summary of key asks

1. Support the AEMC's review of distribution networks and address the capex bias

- The AER must prioritise reforms that improve utilisation and avoid unnecessary network investment, enabling households with and without CER to benefit from

¹ Nexa Advisory, [Empowering Consumer Energy](#), June 2025

² AEMC, [Electricity Network Regulation Review](#), December 2025

³ AEMC, [Integrated distribution system planning](#), October 2025

lower future network costs. Namely, the AER should work with the AEMC in completing its recently initiated Electricity Network Regulation Review⁴.

- As we have advocated previously, the network capex bias is the underlying root cause of these challenges and as such, an alternative model such as the ‘totex’ model should be reviewed and adopted as a fundamental priority reform.
- The review should assess whether existing governance arrangements and regulatory oversight ensure value for energy consumers (e.g., whether the existing capital expenditure bias can be addressed through an alternative ‘totex’ model).

2. Avoid locking in expenditure where major national reform programs are actively being designed – namely the National CER Roadmap

- Given DCCEE’s National CER Roadmap workstream currently underway, the AER should avoid approving expenditure in ways that are likely to require rework once national frameworks and obligations are settled – namely around DSO functions.
- Where expenditure is approved, it should be tightly scoped and conditional on demonstrable consumer outcomes. For example, CER integration and “DSO-enabling” spend should only be approved where it demonstrably unlocks hosting capacity and/or defers augmentation (particularly via flexible exports).

3. Strengthen data transparency obligations on DNSPs

- Nexa recommends the AER link any approved funding for enhanced visibility/digital systems to stronger obligations and practical deliverables: timely, standardised, open-access network capacity and constraint information (including hosting capacity) that third parties can use to make efficient connection and investment decisions.

4. Drive tariff innovation that enables flexible response (including EV charging) and reduces reliance on blunt demand charges

- Nexa supports accelerating tariff innovation that better aligns incentives with renewable supply and local network conditions, shifting flexible demand away from constrained periods and reducing augmentation pressure. This can be achieved through:
 - Dynamic pricing trials** – such as that proposed by CitiPower/Powercor/United Energy, with granular (5-minute) signals and a clear pathway to deployment - brought forward so EV charging can benefit sooner than ~2028.
 - Critical peak response trial tariffs** that enable customers with flexible load to respond to critical peak events.
 - Demand charge protections** - limiting exposure to demand charges where they do not reflect sustained demand patterns and supporting mechanisms such as opt-outs/eligibility pathways for smaller EV charging sites, plus longer evidence periods before tariff re/assignment.
 - Dedicated EV charging tariffs** (and broadened kerbside trials beyond narrow AC use cases) – which can incentivise off-peak and daytime charging when it improves utilisation, while incorporating critical peak event response. The AER should mandate DNSPs to accelerate and broaden eligibility (i.e. by including DC charging and other EV charging applications).

5. Require material improvement in connections performance, transparency, and contestability - especially for EV charging

⁴ AEMC, [Electricity Network Regulation Review](#)

- Nexa recommends the AER to require DNSPs to move towards standardised, transparent and enforceable connection timeframes in negotiating Service Level Agreements (SLA), streamlined connection requirements and fees, flexible connection options which provide clear signals for utilising latent network capacity, and shifting towards genuine contestability models (e.g., Authorised Service Provider-style approach in New South Wales) to improve timeliness and reduce costs.
- The AER should also reinforce negotiated service protections and good-faith negotiation requirements for kerbside charging by requiring a minimum set of negotiating framework provisions to ensure the negotiated service classification delivers real access outcomes – including clear timeframes, transparent negotiation processes and clear dispute resolution - for connection proponents.

The remainder of our submission highlights several priority issues that the AER should address in finalising its determinations:

- **Persistent capex bias:** The current incentive framework continues to favour capital solutions, shaping DNSPs' proposed capex and opex profiles in ways that may not represent the least-cost pathway for consumers. If unchecked, this drives inefficient Regulated Asset Base (RAB) growth and locks consumers into higher network charges for decades.
- **CER integration approach:** DNSPs' proposed programs for integrating consumer energy resources should be assessed against clear outcomes (hosting capacity, power quality, connection timeliness) and alignment with efficient network utilisation. Without outcome-based obligations, CER spend risks becoming platform cost with limited customer benefit and limited impact on deferring augmentation.
- **Network data transparency:** Stronger obligations are needed to provide timely, standardised and accessible network capacity and constraint data to support efficient connection decisions and competitive markets. Without accessible data, third-party proponents – namely CER providers – cannot offer non-network solutions, increasing delays and avoidable augmentation costs.
- **Delivery of DSO functions:** DNSPs have not yet demonstrated consistent delivery of core distribution system operation functions (including visibility, coordination and procurement of flexibility) at the level required for the transition. If DSO capabilities are funded ahead of clear obligations around proof of performance, customers may pay for systems that do not materially improve utilisation or reduce capex.
- **Tariff innovation - especially for EV charging:** Further innovation is required to ensure tariffs reward flexibility – including for commercial and industrial connections - and support efficient EV charging deployment, including accelerated implementation of dynamic and locational pricing trials. Without fit-for-purpose tariffs, new connection proponents will continue to face distorted costs, and DNSPs will manage peaks through capex instead of demand flexibility, raising long-run bills.
- **Streamlined connections:** Connection processes require material improvement, including clearer service standards, faster pathways for simple/low-voltage connections, and more predictable costs and timeframes for complex projects. Without enforceable standards and transparency, connection delays and cost uncertainty will delay and increase the cost of new connections.

Revised capital expenditure proposals

The economic regulation of DNSPs is not fit for purpose and ongoing reforms by market bodies and regulation by the AER has failed to address the incentives resulting in ‘capex bias’ by DNSPs⁵. Economic regulation can create an incentive to favour capital expenditure (capex) solutions over operational expenditure (opex) and third-party non-network alternatives. This ‘capex bias’ risk matters for Victorian customers because large capex programs drive RAB growth and, in turn, higher allowed revenues over time.

The 2017 Finkel Review⁶ recommended the AEMC undertake a review to assess whether electricity networks favoured capex. The AEMC identified in the 2018 Electricity Network Economic Regulatory Framework (ENERF) review a bias toward capex solutions, particularly for long-life assets like traditional poles and wires⁷. The 2019 ENERF review considered increasing choices between capex and opex solutions. However, after gathering input from stakeholders and considering the rise of CER, the AEMC determined not to introduce a new model⁸. As such, these reviews have not resulted in any major changes to network regulation.

The Victorian revised proposals provide evidence of this risk. Each DNSP materially increases net capex relative to the AER’s draft decision, while only modestly reducing capex relative to their initial proposals, as summarised below⁹:

DNSP	Revised proposal net capex (\$m)	Draft decision net capex (\$m)	Increase vs draft (\$m / %)	Initial proposal (\$m)	Change vs initial proposal (%)
AusNet Services	3,408.1	1,701.4	+1,706.7 / 100%	3,496.0	-2.5%
Jemena	1,335.0	843.0	+492.0 / 58%	1,366.3	-2.3%
CitiPower	1,060.9	882.2	+178.7 / 20%	1,216	-12.8%
Powercor	3,338.7	2,696.9	+641.8 / 24%	3,644.9	-8.4%
United Energy	1,257.8	1,045.7	+212.1 / 20%	1,399.3	-10.1%

We are particularly concerned by the scale of augmentation expenditure (augex) uplifts proposed in revised proposals. For example:

- CitiPower’s augmentation allowance rises from \$126.6 million (draft) to \$240.6 million (revised)
- Powercor’s from \$304.5 million to \$599.2 million

⁵ Nexa Advisory, [Accelerating Consumer Energy in Australia](#), May 2024

⁶ [Independent Review into the Future Security of the National Electricity Market - Blueprint for the Future](#), June 2017

⁷ AEMC, [Economic Regulatory Framework Review 2018 Final Report](#), July 2018

⁸ AEMC, [Economic Regulatory Framework Review. Integrating distributed energy resources for the grid of the future](#), September 2019

⁹ Note: values are as reported in each DNSP’s revised proposal (e.g. different base years and escalation approaches apply). The purpose is to show the scale and direction of changes relative to each DNSP’s own draft-decision benchmark.

- United Energy's from \$41.2 million to \$161.2 million

These are material increases which, if accepted without strong least-cost testing, risk locking-in higher RAB growth rather than prioritising efficient utilisation of existing network capacity, flexibility procurement and targeted non-network solutions. The AER has a direct statutory role to ensure the long-term interests of consumers are protected, including by ensuring that only efficient, least-cost expenditure is reflected in allowed revenues. If the AER approves large capex and augex uplifts without applying adequate scrutiny – particularly around credible non-network alternatives - these costs will flow through to higher network charges over time, with costs borne broadly by Victorian consumers. This would not be consistent with the AER's responsibility to promote long-term outcomes in line with the National Electricity Objectives (NEO).

Additionally, we are concerned where proposals and revised proposals have utilised recent changes in demand forecasts to justify these expenditures. This reflects one of the shortcomings of the current five-year regulatory period to adapt to long-term drivers of distribution network need; customers bear the long-run cost of RAB growth even when flexibility, staged investment or demand-side measures could deliver a lower-cost pathway.

We also note that the AEMC's work program on electricity pricing and distribution planning reforms do not address the capex bias by adopting alternative frameworks such as a totex model – which Nexa has previously recommended in recent reports and submissions.¹⁰

Namely, the current regulatory framework allocates risk in a way that is systematically unfavourable to consumers – in that:

- networks face limited downside risk for over-investment once expenditure is approved,
- regulated revenue allowances are largely locked in for the life of assets, regardless of subsequent utilisation or demand outcomes, and
- consumers are required to fund long-term cost recovery irrespective of whether network investments deliver proportional benefit.

Under a fit-for-purpose framework (e.g., a totex model), network incentives would be realigned to:

- neutralise the long-recognised bias between capex and opex;
- reward efficient utilisation of existing network assets rather than asset expansion; and
- encourage non-network alternatives such as demand response, CER and other operational solutions.

CER integration expenditures focus on implementing flexible exports

CER integration expenditure should be supported only where it is clearly targeted to lowering long-run network costs for consumers by improving utilisation of existing assets and deferring

¹⁰ Nexa Advisory, [Empowering Consumer Energy](#), June 2025; Nexa Advisory, [Nexa Advisory Submission- Select Committee Energy Planning and Regulation](#), October 2024

augmentation - because network costs already comprise a large share of retail bills (around 33–48%)¹¹.

In practice, that means prioritising timely implementation of flexible exports and associated flexibility services rather than relying on blunt curtailment approaches - such as the emergency backstop mechanism - that socialise cost and erode consumer value. This is particularly important in the context of these determinations because network cost recovery is materially ‘locked-in’ under the five-year revenue reset, so decisions that favour augmentation over operational solutions can embed higher costs despite other flexible, demand-side or non-network alternatives.

Nexa is concerned that Victoria’s recent emergency backstop rollout illustrates the risk of defaulting to blunt technical controls; the AER allowed three Victorian DNSPs to pass through \$26.3 million of backstop technology costs, despite widespread criticism of implementation issues and with DNSPs spending less than 1% of total capex/opex on managing solar exports¹². This reinforces why flexible export capability should be progressed as the more consumer-centric, least-cost pathway.

Network data visibility

Victorian DNSPs’ revised proposals reinforce that network data visibility is now a key issue for efficient connections and for scaling non-network solutions (including flexibility services and flexible exports). CitiPower, Powercor and United Energy each state that while the AER accepted their flexible services programs, it rejected their proposed data visibility and market platform investments.

Nexa supports funding for enhanced data visibility and digital systems only where it is linked to enforceable obligations and measurable outputs that deliver demonstrable consumer benefit. Where DNSPs seek funding for enhanced data visibility and digital systems (including as part of their transition toward DSO capabilities), those investments should result in open access datasets and tools that are genuinely usable by third-party energy service providers – including EV charging operators – where CER solutions can provide value to the network through non-network solutions.

Funding approvals must be linked to stronger obligations on DNSPs to publish network capacity and constraints information relevant to EV charging, including hosting capacity maps and indicative augmentation requirements. The AER must be able to demonstrate how the funding is flowing to consumer benefits and not just growing the profit margins of the DNSPs

DSO expenditure

Victorian DNSPs are increasingly positioning themselves as Distribution System Operators (DSOs), with revised proposals seeking additional expenditure on CER data visibility, monitoring and related platforms. While uplift in these capabilities may be necessary as CER penetration increases, the recently released National CER Roadmap¹³ is clear that formalising DNSPs as

¹¹ AER, Default market offer prices 2024–25: final determination, June 2024

¹² Nexa Advisory, [Empowering Consumer Energy](#), June 2025

¹³ DCCEEW, [Redefining roles and responsibilities for power system and market operations in a high CER future - final report](#), December 2025

DSOs must be paired with a rules-based DSO framework (rights and obligations) – as well as appropriate incentive structures - to mitigate risks that DSOs lack a whole-of-system perspective or exhibit a preference for network solutions.

The current Victorian distribution determinations are an appropriate and necessary point for the AER to apply heightened scrutiny to proposed DSO expenditure - ensuring spend is clearly defined and efficiently incurred to manage conflict and value-for-money risks as DSO capabilities are scaled ahead of the national framework being implemented.

In its draft decision, the AER rejected CitiPower, Powercor and United Energy’s proposals for network data visibility and expanding their non-network market platform, and similar proposal for Ausnet’s CER data exchange – instead, allowing expenditures for flexibility services.

CitiPower, Powercor and United Energy have each re-proposed ‘enhanced data visibility’ and a ‘non-network procurement platform’ as part of their CER integration and transition toward DSO services. Their revised proposals include:

- CitiPower: enhanced data visibility (\$0.7m) and non-network procurement platform (\$1.2m).
- Powercor: enhanced data visibility (\$1.6m) and non-network procurement platform (\$2.9m).
- United Energy: enhanced data visibility (\$1.0m) and non-network procurement platform (\$1.8m).

AusNet similarly re-proposes CER/DSO-enabling components (including a non-network solutions platform and community network data visibility upgrades) following the draft decision position.

By contrast, Jemena’s revised proposal explicitly withdraws its proposed CER integration ‘step change’ (which included data visibility and analytics) and states it does not propose a CER integration step change in the revised proposal.

Nexa recommends that where the AER approves DSO-related expenditure in final decisions, it should do so with strong conditions that ensure customer value and mitigate conflict risks. This approach would allow necessary capability uplift to proceed where justified, while avoiding premature expenditure for areas which that may later need re-design to align with the national rules-based DSO framework, recently agreed to in the National CER Roadmap final reports.¹⁴

Additional network tariff innovation is required to encourage CER uptake and best meet the needs of consumers

Nexa reiterates the concerns raised in our previous submissions that while retailers and energy service providers have adopted innovative offers - innovation continues to fall short at the network tariff level.¹⁵

Well-designed tariffs can shift flexible demand away from constrained periods and toward times of higher renewable output, improving utilisation of existing assets and reducing the need

¹⁴ Ibid

¹⁵ Nexa Advisory, [AER DMO 2026-27](#) submission, December 2025

for augmentation and RAB growth. Conversely, if tariffs remain blunt and poorly aligned with system conditions, networks will continue to rely disproportionately on capex to manage peaks and local constraints, with long-lived cost impacts that are ultimately borne by consumers.

The AER's draft decision encourages DNSPs to make progressive tariffs more attractive to small customers with flexible load, better consider the impact of CER uptake on customer responsiveness, develop tariff trials that enable dynamic response (e.g., to critical peak events), and consider future locational 'solar soak' tariff trials for areas with minimum demand issues.

Nexa encourages the AER to pursue more progressive, actionable tariff innovation by DNSPs - particularly for customers with flexible load (including EV charging). This should not be constrained to just small customers – but should also include medium and large customers given the potential scale of benefits provided to the grid by flexibility and controllability of these larger connections.

Time-of-use tariffs

Nexa supports the direction toward simple, scalable, cost-reflective time-of-use price signals that reward charging outside network peaks and better align incentives with renewable supply. Revised proposals and Tariff Structure Statements (TSS) provide several examples of DNSPs' implementing these tariffs (e.g., 'solar soak' periods of lower-priced midday windows) to encourage daytime consumption and improve utilisation in high-solar conditions.

Critical peak tariffs and dynamic pricing trials

Nexa supports the AER continuing to push DNSPs to develop tariffs (or trial tariffs) that enable small customers with flexible loads to respond to critical peak events. Several TSSs reflect DNSPs approach to this tariff structure. For example:

- CitiPower, Powercor and United Energy explicitly reference the need to consider tariffs/trials that send price signals for flexible load to respond to critical peaks. However, it acknowledges that “we have not proposed critical peak demand tariffs because our current systems are unable to support this type of tariff” – instead proposing innovation expenditure to trial more dynamic network pricing as a pathway to future implementation
- Ausnet already applies Critical Peak Demand (CPD) tariffs for larger customers, with CPD events called during the CPD season. Under the CPD structure, customers face CPD charges based on demand during nominated CPD windows, and AusNet's revised proposal seeks to improve efficiency by removing the fixed requirement to call five CPD days and moving to a minimum of two CPD days (up to a maximum of five), responding to stakeholder concerns that events were sometimes called on mild days purely to meet the five-day rule.

Demand charges

Nexa recommends the AER pursue measures to reduce exposure to demand charges where they do not reflect sustained demand patterns – particularly for EV charging loads. This is reflected in several TSSs. For example, CitiPower, Powercor and United Energy proposes to maintain an opt-out from demand tariffs for customers consuming less than 160 MWh/year,

explicitly noting the need to give low-utilisation customers “such as EV charging stations” an opportunity “to establish their businesses”¹⁶.

We are concerned by the lack of transparency regarding tariff assignment for new EV charging connections – in particular, their assignment to large business tariffs which then require 12 months of consumption data before reassignment. Even worse, some DNSPs have proposed for this to be increased to 15 months¹⁷. This adds considerable operational cost of connection proponents which contradicts the principle of allowing these proponents to “establish their businesses”¹⁸.

The AER should accept this opt-out mechanism in its final decision and encourage DNSPs to extend it to smaller sites.

Dedicated EV charging tariffs

Network tariffs should support EV charging to occur when it improves network utilisation and system efficiency, including during periods of high renewable output. We note that current demand tariff structures can create disproportionate costs for business loads - including EV charging operators.

As such, Nexa supports dedicated EV tariffs (and trial tariffs) that:

- incentivise off-peak and daytime charging when it improves utilisation;
- can incorporate critical peak event response; and
- are simple and scalable across networks.

We note that revised proposals already reflect direction towards these outcomes, which the AER should encourage DNSPs to accelerate and broaden. For example:

- CitiPower, Powercor and United Energy have proposed as Kerbside EV Charging (KEVC) trial tariff intended to be simple and to encourage midday charging.
- Jemena proposes a kerbside EV charging operator trial tariff (A20E) and specifies kerbside EV chargers (including type 5 or type 9 metering) will be assigned to that trial tariff.
- Ausnet has proposed a kerbside/pole-mounted EV charging trial tariff for chargers installed on AusNet distribution assets (with eligibility requiring a dedicated NMI and a maximum capacity of 44 kW). This also omits a fixed charge to encourage take-up, and an export reward for vehicle-to-grid export during peak import windows in nominated summer/winter months.

Nexa supports these initiatives, but recommends the AER:

¹⁶ [CitiPower Tariff Structure Statement 2026-31 - Explanatory Statement - December 2025](#), p. 48; [Powercor Tariff Structure Statement 2026-31 - Explanatory Statement - December 2025](#), p. 48; [United Energy Tariff Structure Statement 2026-31 - Explanatory Statement - December 2025](#), p.48;

¹⁷ E.g., [CitiPower Tariff Structure Statement 2026-31 - Compliance Document](#), p.17; [Powercor Tariff Structure Statement 2026-31 - Compliance Document](#), p.17; [United Energy Tariff Structure Statement 2026-31 - Compliance Document](#), p.18

¹⁸ Ibid

1. Broaden eligibility beyond narrow kerbside AC use cases (including DC charging and other relevant EV charging applications – which we note have been excluded by CPU¹⁹ based in little evidence);
2. Extend the ability to opt out of demand charges for smaller EV charging sites, with transparent eligibility criteria;
3. Prevent reassignment to demand tariffs based on one or two atypical high-demand months; require a longer evidence period (e.g. multiple years); and
4. Ensure initial tariff assignment for EV charging can begin on a tariff selected by the charging operator – without imposing additional connection costs - with any move to a demand tariff only after the extended assessment period.

Dynamic pricing innovation should be progressed at pace

Nexa supports progression of *dynamic pricing* trials that move beyond static time-of-use and begin to reflect local network conditions. In particular, we note Citipower, Powercor and United Energy have proposed dynamic pricing innovation / ‘behavioural price signal’ project, which provides more granular (5-minute) price signals that reward consumption when and where it is most efficient (including daytime charging during higher renewable output periods) and that can also support response during a small number of pre-announced critical peak events.

Nexa strongly supports tariff innovation that moves toward shorter interval, localised price signals and integrates with responsive loads – namely EV chargers. Such trials should be progressed at pace, with a clear pathway to operational deployment so the benefits of these tariffs can be realised.

To achieve this, it may be practical to utilise a simpler approach (for example, with signals similar to Critical Peak Demand tariffs with fewer, longer intervals), which are already familiar to proponents and may provide earlier learnings – before transitioning to 5-minute dynamic pricing.

We consider that this trial should:

1. Be brought forward, so EV charging can benefit sooner than the currently indicated timing (around 2028);
2. Maintain simplicity for customers and retailers while enabling progressively more granular signals (e.g., moving from multi-hour intervals toward 5-minute pricing); and
3. Prioritise EV charging use cases in trial design (including DC charging and fleet/depot applications) to ensure relevance to high-growth segments.

Streamlined connections processes and certainty around connection outcomes

The revised proposals reveal persistent limitations in connection process transparency and accountability - particularly relevant for CER and EV charging connections. Several Victorian DNSPs explicitly avoid focusing on improving connection application timeframes.

¹⁹ AER, [CPU Kerbside EV charging trial network tariff](#), Dec 2025

However, CER providers – including public EV charging and large business connection proponents - face several challenges when connecting to distribution networks. In particular, the application of inflexible ‘traditional’ tariff structures for public EV charging remains a key barrier to public charging providers developing commercially viable projects²⁰.

These challenges include:

- significant variability in connection costs across different DNSPs. For example, one connection proponent has shared with Nexa that this can cost up to \$450k for a large >500kVA connection;
- significant variability in connection timelines across different DNSPs. For example, one connection proponent has shared with Nexa that this can take up to 24 months;
- a lack of innovative, flexible tariffs. For example, one connection proponent has shared that this can result in tariff re/assignment which is not optimal for the connection/asset. Some DNSPs can require 12 months of evidence – costing considerable opex for the proponent - before considering re-assignment for connections which have been assigned to large business tariffs and would otherwise be eligible to opt-out to TOU tariffs; and
- extended connection processes delaying installations due the lack of contestable service provider frameworks and metering in Victoria. For example, one connection proponent has shared that installations which may be completed in four hours in New South Wales have taken six weeks on average to complete in Victoria.

Additionally, there are currently few avenues for reporting of connections processes and negotiation between connecting proponents and DNSPs, as highlighted in the AER’s recent reform consultation to network performance reporting.²¹

As such, to address the above challenges, the AER must:

- **Standardise transparent connection timeframes** in negotiating Service Level Agreements (SLA) with connecting parties, enforcing penalties for excessive delays;
- **Streamline connection requirements and fees** by establishing standardised technical requirements to prevent excessive and unpredictable connection fees; and
- **Flexible connection options** by offering flexible connection arrangements to optimise the use of latent network capacity through controllable load management of smart infrastructure, with customers responding to network forecasts and through clear tariff signals.²²
- **Explicitly support the adoption of a genuine contestable model for appropriate connection scopes** - similar to the Authorised Service Provider-style (ASP) approach in New South Wales - to improve connection timeliness and cost discipline by DNSPs. Without a credible contestability framework, proponents remain exposed to monopoly process delays and inconsistent requirements – which particularly impacts the roll-out of EV charging infrastructure.

²⁰ Nexa Advisory, [Submission to the Inquiry into Electricity Supply for Electric Vehicles in Victoria](#)

²¹ Nexa Advisory, [AER Network Performance Reporting](#), October 2025

²² Ibid

- **Require greater reporting and transparency around connection processes**, with clear escalation and dispute pathways where connection timeframes are not met – via improvements to the AER’s performance reporting framework.

DNSP positioning in revised proposals

In revised proposals Several DNSPs submit that standard control service (SCS) connection processes are already highly streamlined, and that an additional Service Target Performance Incentive Scheme (STPIS) “timeliness of connections” incentive as proposed by the AER would deliver limited incremental benefit. For example:

- In discussing the AER’s proposed STPIS, Citipower, Powercor and United Energy submit that connection timeliness is not a material customer issue given they “achieve close to 100 per cent of connections before or at the time agreed with the customer”, implying there is little scope for improvement beyond maintaining current performance.²³
- Jemena similarly points to the “limited application” of a ‘new connections’ component within STPIS, reinforcing the view that SCS-focused connection incentives may not meaningfully address the connection experiences stakeholders are most concerned about – noting “the limited application of the ‘new connections’ aspect of the STPIS.”

However, Nexa notes that these positions also highlight a critical coverage and accountability gap. AusNet explicitly observes that STPIS parameters are designed to incentivise activities classified as SCS, while in Victoria the majority of connection activities are classified as alternative control services (ACS).²⁴

In practice, this creates a risk that the regulatory framework measures and rewards performance for a portion of connections that DNSPs already characterise as high-performing, while leaving many connection interactions that matter to EV charging deployment - particularly those involving more complex connections – without meaningful, transparent connection performance accountability.

Accordingly, Nexa recommends that the AER complement any SCS-focused connection metrics with measures that improve transparency and accountability across broader connection types – particularly for EV charging operators, who currently face highly variable timeframes, requirements and costs across DNSPs.

This approach would ensure that connection reforms focus on the parts of the system where improved performance would deliver the greatest customer and decarbonisation benefit, rather than being confined to already-streamlined SCS connection processes.

Negotiated services framework – kerbside charging

Nexa notes the AER’s approach to treating the rental of distribution assets (e.g. poles) to third parties for the installation of EV chargers and associated hardware as a negotiated distribution service.

²³ [Powercor Revised Proposal 2026-31 - Revenue and expenditure forecasts](#), p.74; [CitiPower Revised Proposal 2026-31 - Revenue and expenditure forecasts](#), p.61; [United Energy Revised Proposal 2026-31 - Revenue and expenditure forecasts](#), p.57


²⁴ [ASD - AusNet - EDPN Revised Proposal 2026 - 31](#), p.252, December 2025

In implementing this approach, the AER must also create the obligation for DNSPs and their affiliated businesses to ensure competitive neutrality in the negotiation process, such that there are transparent processes showing non-discrimination with competitive third parties in negotiated outcomes – including through connection timeliness and cost consistency.

Nexa recommends the AER go further and require a minimum set of negotiating framework provisions to ensure the negotiated service classification delivers real access outcomes in practice – including mandatory negotiation timeframes, standardised connection terms and pricing principles and explicit non-discrimination obligations between DNSP-led and third-party connections.

To realise the benefits of this approach, Nexa recommends the AER require DNSPs to:

1. Publish standard terms, technical requirements and indicative pricing for pole/asset rental, with clear non-discrimination commitments.
2. Implement transparent, standardised assessment criteria for pole-mounted and kerbside installations, including clear reasons for refusals.

Thank you for the opportunity to provide input into the determination process. We welcome the opportunity to further discuss any aspect of our submission - please contact either myself  or Jordan Ferrari, Director - Policy and Analysis,

Yours sincerely,

Stephanie Bashir
CEO and Principal
Nexa Advisory