

19 January 2026

Kris Funston
Executive General Manager Network Regulation
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Submitted electronically: vic2026@aer.gov.au

Dear Mr Funston,

Re: Victorian Electricity Distribution Determinations 2026-31

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to make this submission to the Australian Energy Regulator (AER) on revised proposals from the Victorian electricity networks (encompassing AusNet Services, CitiPower, Jemena Electricity Networks, Powernet and United Energy) for the 2026-2031 determination period.

As a general point, Red and Lumo agree that cost reflective tariff structures are an important component of the energy transition. They can encourage more efficient use of network infrastructure and provide an opportunity for consumers to reduce their bills if they can shift their consumption away from peak periods. They can also encourage investment in distributed resources and the efficient use of those assets. Therefore, we commend the Victorian electricity distributors on consulting with retailers and then creating a new time of use structure that is sensible, efficient and most importantly, simple for consumers to understand and respond.

We recommend that the networks adopt a common approach to the use of tariff codes that involves the creation of new codes for new tariff structures. All Victorian electricity distributors bar AusNet Services are following this approach. Red and Lumo strongly encourage AusNet Services to utilise a new tariff code for their new time of use structure.

A consistent approach across all Victorian electricity distributors for the same tariff structure change will simplify retailer processes. This reduces risk, complexity, and cost by avoiding the need to run two separate workflows. Ultimately, this leads to a more efficient transition, ensuring end-use consumers are not burdened with unnecessary costs.

As a final point, we strongly encourage the AER to carefully analyse the networks' estimates of the likely growth in demand for network services in the coming years. The networks are requesting a significant increase in allowable expenditure at a time when many consumers are struggling with payment difficulty and there is additional scrutiny on costs in other areas

of the supply chain. We are very mindful of the potential impact on these determinations on our customers given their contribution to energy prices.

The demand forecasts from Victorian electricity networks appear optimistic and introduce a potential risk to consumers. This is due to the potential for increased inter-year volatility in distribution tariffs. Under a revenue cap, a persistent shortfall between actual energy delivery and these elevated forecasts would likely result in higher distribution tariffs and consumer bills throughout the regulatory period.

The inclusion of the Q factor in the AER's modified side constraint significantly heightens the risk. This critical modification eliminates the regulatory constraints that previously limited the full impact of a preceding year's forecast-versus-actual demand variances on the following year's pricing. Consequently, it is absolutely necessary for the AER to place a high priority on ensuring the reliability and accuracy of demand forecasts.

About Red and Lumo

We are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail electricity and gas in New South Wales, Queensland, South Australia, Victoria and the Australian Capital Territory to over 1.6 million customers.

Red and Lumo thank the Commission for the opportunity to comment on the consultation paper. Should you wish to discuss or have any further enquiries regarding this submission, please call Jordan Rigby, Regulatory Manager, on 0472 666 261.

Yours sincerely



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