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## **Powercor - Determination 2026-2031 – submission from the Committee for Greater Shepparton**

The Committee for Greater Shepparton (C4GS) welcomes the opportunity to provide comments on Powercor's revised proposal for the 2026–31 regulatory period.

At the time of preparing this submission, communities and businesses across our region are working through the immediate aftermath of severe summer fires to our south at Euroa, and to our north near Cobram. Barely two years ago, in January, we were dealing with the second consecutive year of floods. The scale and frequency of these events further underscores the role of a safe, reliable and resilient electricity network for communication and business continuity and to support emergency response.

C4GS brings together more than 100 businesses, community groups, and agencies located across the Local Government Areas (LGAs) of Greater Shepparton, Campaspe and Moira. Our members are united in their commitment to a positive, inclusive and prosperous future for our regional communities. Across this diverse membership energy and the energy transition is a key issue. We have engaged with Powercor to provide our industry and community with meaningful opportunities to inform Powercor's proposal. This is evidenced in the Powercor's engagement [reports](#) and reflects the significant time and effort by local industry and community leaders to participate in [engagement](#) processes and share business insights.

### **The energy transition in regional Victoria**

Both Powercor's revised proposal and the AER's earlier draft determination recognise that the energy system is undergoing rapid change, driven by electrification, new technologies and the need to meet emissions targets. This is clear in our region where new and emerging energy generation, transmission, storage and distribution needs intersect with our region's concentration of manufacturing, agriculture, health and value adding industry that is heavily dependent on stable, sufficient and high-quality electricity supply.

As we outlined in our [presentation](#) to the AER in April 2025, our region's agriculture and manufacturing underpins Australia's food security, and energy underpins these sector's productivity and market competitiveness. We produce more than \$10 billion of fresh and processed food each year and provide employment to more than 10,000 local employees.

The next regulatory period is a critical stage in the future of regional industry and communities. The AER's final determination will shape the future capacity, reliability and resilience of the network serving our industries and communities and will influence whether local businesses can continue to invest, electrify, automate and compete in national and global markets.

### **Capital investment and regional impacts**

Powercor's original proposal set out net capital expenditure of approximately \$3.64 billion for 2026–31. The AER's draft decision substituted an alternative estimate of about \$2.70 billion, a reduction of around \$948 million or 26 per cent. Powercor's revised proposal now presents net capital expenditure of about \$3.34 billion, reflecting an 8 per cent reduction from its original proposal following further review and engagement.

From a regional perspective, we are concerned by the composition of this reduction. A disproportionate amount of the reductions impact on programs that are particularly important to regional customers, including elements of augmentation to support electrification and demand growth, rural and regional reliability improvements, and resilience investments in areas that are routinely exposed to fires, storms and extreme heat.

We recognise the AER's obligation to ensure expenditure is prudent and efficient and to have regard to consumers' willingness to pay. However, the current balance appears weighted against the findings of robust engagement, demonstrated willingness to pay, and ultimately against fair and just outcomes for regional industry and communities. In short, we are concerned that across the five-year period, regional communities will be increasingly locked out of participating in the energy transition creating a new and expanding forms of rural and regional vulnerability.

Under-investment in regional networks during this period will limit the capacity of regional businesses to electrify, automate, grow and adopt new technologies, it will slow productivity growth and reduce the domestic and international competitiveness of Australian manufacturing and industry that underpin regional employment, prosperity and opportunity. It risks widening the existing service and opportunity gap between regional and metropolitan areas, which is at odds with broader state and national objectives for more balanced growth and regional development.

We understand that Powercor further engaged in the preparation of its revised proposal to assess the willingness of its urban based customers to support regional investment. We were pleased but not surprised to see the overwhelming endorsement from urban customers reflecting the value they saw generated in regional communities, the desirability of a fair and just energy transition and that energy supply is an essential service.

### **Methodology, VCR/VNR and regional value**

C4GS acknowledges the important role of tools such as Values of Customer Reliability (VCR) and the emerging Values of Network Resilience (VNR) in linking reliability and resilience outcomes to efficient levels of investment. We recognise these methodologies are applied by the AER consistently across the National Electricity Market.

At the same time, we are concerned that the sole application of these narrowly defined measures establishes extremely high thresholds for regional investments, particularly given the economic and social impacts of outages extend well beyond the individual customer. For example, the loss of supply to a regional industrial cluster or irrigation district has immediate and material effects on employment, production, animal welfare, food security and downstream processing. None of these impacts can be fully captured in relatively narrow willingness-to-pay measures. When coupled with an emphasis on “least-cost” outcomes, this biases decisions against regional investment precisely the time when the energy transition and industry policy point demand the need for further investment.

We encourage the AER to adopt a more holistic lens when assessing regional investments, one that explicitly takes into consideration employment, value-added output, export capacity, and food and fibre security in addition to its conventional network and customer metrics. Energy in our regions is not a discretionary commodity; it is an essential enabler of economic activity and community wellbeing and should be assessed accordingly.

### **Innovation, governance and flexibility**

C4GS strongly supports Powercor’s proposed innovation fund as an example of the agility required to manage a fast-moving transition and its concept to co-design solutions with customers. We see real value in a mechanism that can support pilot projects and partnerships, new approaches to managing growth and reliability, and initiatives that reflect the “regionality within the regions”, recognising that needs and opportunities differ markedly even within a single distribution area.

In our view, requiring a fully specified, costed project list at the outset is inconsistent with the concept of a fund designed for collaboration with customers. Rather than prescribing detailed projects upfront, the AER should focus on the quality of governance, transparency of the assessment criteria, and the strength of stakeholder engagement that will support decisions about the innovation fund over the regulatory period. This approach maintains accountability while preserving the flexibility needed to respond to new technologies, policy changes and customer needs as they emerge.

### **Distributed Renewable Energy Zones and coordination with transmission**

C4GS supports Powercor’s exploration of distributed renewable energy zones (DREZ) as a means of enabling regional communities and industries to participate fully in, and benefit from, the energy transition. The DREZ concept offers a practical pathway to integrate new generation, storage and flexible demand in ways that support local resilience and economic development without the costs and imposition on communities of transmission investment.

However, the success of such initiatives will depend on the degree of alignment with generation and transmission planning, including the work of VicGrid and other transmission bodies to realise the full benefits of distribution-level innovation. We therefore strongly encourage the AER to support further development of the DREZ concept in Victoria in close collaboration with VicGrid and regional stakeholders, so that regional areas are positioned as active participants in the transition rather than passive recipients of its consequences.

### **Conclusion**

C4GS appreciates the AER's has a role in protecting consumers and ensuring that network investments are prudent and efficient. We appreciate the opportunity to contribute a regional perspective to this important determination. From our standpoint, the 2026–31 decision will be pivotal in shaping the future of regional communities and industries in Greater Shepparton, Moira and Campaspe and, by extension, their contribution to Victoria and Australia.

For these reasons, we urge the AER to adopt a final decision that restores more of the regionally based investment and, in doing so, have greater regard for the time and contribution by C4GS members to shaping the revised proposal, the demonstrated willingness to pay and partner, to support agile innovation mechanisms, and to give appropriate weight to the broader economic, employment and resilience benefits that energy infrastructure delivers in regional economies. In short, we ask that the final determination be not only prudent and efficient, but also sufficient to meet the future needs and aspirations of regional Victoria and to fully recognise the value that our region generates for the nation.

Yours sincerely

Linda Nieuwenhuizen  
**CEO**  
**Committee for Greater Shepparton**