Final decision

AusNet Services distribution determination
1 July 2026 – 30 June 2031

Attachment 13 – Tariff structure statement

April 2026

AUSTRALIAN ENERGY REGULATOR

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13.1 Final decision

This attachment sets out our final decision on AusNet's tariff structure statement which will apply from 1 July 2026 and remain in effect for the remainder of the 2026–31 regulatory control period. Our final decision is made on AusNet's tariff structure statement in full, which includes a late amendment, provided via letter on 29 January 2026, to revise tariff codes for 2 residential customer tariffs. A tariff structure statement sets out a distributor's:

- proposed network tariffs (including tariff structures and charging parameters)
- export tariff transition strategy
- policies and procedures the distributor will use to assign customers to network tariffs or assign customers from one tariff to another.

It is accompanied by an indicative pricing schedule.[1]

Network tariffs provide the charging framework through which distributors recover their costs for providing network services. After our approval, a tariff structure statement becomes a compliance document against which we assess the distributor's annual pricing proposals.

We accepted many elements of AusNet's initial tariff structure statement in our draft decision. Attachment 13 of our draft decision sets out our reasons for accepting those elements. We do not repeat them in this final decision.

Our final decision focuses on:

- issues unresolved after our draft decision
- our assessment of changes between AusNet's proposed and revised tariff structure statement
- submissions on our draft decision and AusNet's revised tariff structure statement.

13.1.1 Introduction

Our final decisions on the Victorian distributors' 2026–31 tariff structure statements conclude our decisions on the third round of tariff structure statements. That is, the third round since network tariff reform was introduced in 2014 in response to the Australian Energy Market Commission's (the AEMC's) Power of choice review.[2]

Tariff structure statements have evolved from including primarily simple flat and variable network tariffs to consider a number of factors, including: recent rule changes, such as the *Access, pricing and incentive arrangements for distributed energy resources rule change* (August 2021) that provided for two-way pricing; jurisdictional Government tariff assignment

1 NER, cl. 6.18.1A.

2 AEMC, *Power of Choice Review,* November 2012.

preferences; and stakeholder consultation. Notably, the Victorian distributors' third round of tariff structure statements include:

- new time-of-use tariffs for residential customers with low network cost recovery during the middle of the day (solar soak tariffs). On this, we encourage the distributors to monitor the impact of solar soak tariffs on demand profiles and local voltage levels over the 2026–31 period[3]
- optional export (or two-way) pricing for residential customers that signals the costs to the network of providing export services and recovers those costs from exporting customers, while also rewarding customers for exports that benefit the network
- innovative tariffs and tariff trials that send signals and rewards to increasingly large and flexible load/supply, including electric vehicle (EV) storage customers.

We acknowledge that the environment for network tariffs is continuing to change rapidly. We reflect that there has been a step up in the distributors' proposed expenditure in their 2026 – 31 revenue proposals. This, coupled with rising demand and electrification, mean that network tariffs have a continuing but evolving role, now and in the future, to manage network utilisation, mitigate network augmentation and lower network costs for all customers. We also acknowledge that network tariff design should be considered holistically, along with, for example, the broader network regulation framework, incentives schemes and non-network options.

We look forward to continuing to engage with the AEMC on its current *Electricity pricing for a consumer-driven future* review (the pricing review), along with any consequential rule change requests that may follow. We will also engage with the AEMC's upcoming *Electricity network regulation review*, which is a timely opportunity to consider how the framework as a whole shapes incentives for network businesses, as well as Energy Networks Australia's *Improving flexibility in the Tariff Structure Statement process* rule change request if and when that is initiated by the AEMC. While we are cognisant that outcomes from these processes could lead to changes to the regulatory framework for network tariffs, our role is to implement the existing framework and our decisions on the Victorian distributors' third tariff structure statements reflect that role.

13.1.2 Final decision

Our final decision is to approve AusNet's revised 2026–31 tariff structure statement as it complies with the pricing principles for direct control services and other applicable requirements of the National Electricity Rules (NER). However, we have amended it to reflect AusNet's letter dated 29 January 2026 (which we publish along with our final decision) to revise the following tariff codes for AusNet's default small residential time-of-use (NAST11) and small residential time-of-use standard feed-in (NAST11S) tariffs: [4]

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[3] This issue was highlighted in submissions by Citipower's, Powercor's and United Energy's (CPU's) Customer Advisory Panel but is applicable to all Victorian distributors: CPU Customer Advisory Panel, *Submission on CitiPower electricity distribution proposal 2026-31,* January 2026, p. 8; CPU Customer Advisory Panel, *Submission on Powercor electricity distribution proposal 2026-31,* January 2026, p. 9; CPU Customer Advisory Panel, *Submission on United Energy electricity distribution proposal 2026-31,* January 2026, pp. 8–9.

[4] AusNet, *Revision to TSS tariff codes*, February 2026, p. 1.

- NAST11 will be changed to NASS11
- NAST11S will be changed to NASS11S.

These changes to AusNet's tariff codes were initiated by AusNet, in response to a retailer preference for new tariffs to have new tariff codes. Red Energy and Lumo Energy recommended that AusNet adopt the same approach to applying new tariff codes to new tariff structures as Jemena and CitiPower, Powercor and United Energy (CPU), because a consistent approach simplifies the retail process and reduces costs.[5] This is not an amendment to ensure AusNet's compliance with the NER, but is an administrative amendment made at AusNet's request.

We publish the final version of AusNet's tariff structure statement alongside our final decision.[6] For transparency, we publish both clean and marked up versions.

Table 13-1 summarises our final decision on elements of AusNet's revised tariff structure statement that were not approved in our draft decision or that were changed from the initial tariff structure statement submitted in January 2025.

Table 13-1 Overview of new or amended elements of revised tariff structure statement

Issue	AER's Draft Decision	Distributors' revised tariff structure statement	AER's Final Decision
Controlled load / dedicated circuit tariff	Approved the tariff structures. Required AusNet to include minimum supply time availability for its dedicated circuit tariff.	Provided dedicated circuit supply time availability in revised tariff structure statement.	Approve.
Two-way tariff and basic export level	Not approved. Required further justification of proposed 1kWh/day (kilowatt-hour/day) basic export level, and required additional information to enable the AER to have regard to network intrinsic hosting capacity when assessing basic export levels. Also required further bill impact analysis.	Retained a 1kWh/day basic export level and provided additional information. Did not provide bill impact analysis in its revised tariff structure statement. AusNet subsequently provided analysis as part of an information request.	Approve.

5 Red Energy and Lumo Energy, *Submission - Victorian electricity distribution proposals 2026-31*, January 2026, p. 1.

6 This includes AusNet's *Appendix E – Schedule of tariff structures and charging parameters* and the *SCS Indicative pricing schedule*.

Issue	AER's Draft Decision	Distributors' revised tariff structure statement	AER's Final Decision
Network bill impact analysis	Not approved. Required further network bill analysis for: - customers affected by proposed closures of residential demand tariffs - medium and large customers reassigned to transitional critical peak demand (CPD) tariffs.	Provided the required analysis in the revised proposal.	Approve.
New proposed site-specific tariff	N/A	Proposed a new (opt-in) CPD site-specific tariff (in addition to the individually calculated customer (ICC) tariff approved by us in our draft decision).	Approve.
Network support tariff exemptions for storage customers	N/A	Provided a methodology for calculating network exemptions for storage customers.	Accept AusNet's approach to offering network support exemptions.
Long run marginal cost (LRMC) methodology (import and export)	Not approved. Required LRMC input forecasts based on at least a 10-year period as well as further information related to: - the underlying forecast demand driving expenditure - forecast expenditure for both import and export services - costs for both flexible export services and supply improvements in the export LRMC calculations.	Provided 10-year forecasts and further explanation of forecast demand and expenditure within the revised tariff structure statement.	Approve.
Residual cost recovery	Required to provide more information on how residual costs are	Provided required information.	Accept AusNet's explanation of residual cost recovery.

Issue	AER's Draft Decision	Distributors' revised tariff structure statement	AER's Final Decision
	recovered and reflect the efficient costs for each tariff.		
Unmetered customer tariff / Public lighting and street furniture tariff	Not approved. Required further consideration of type 7 and type 9 meter tariffs to account for future type 9 meter loads.	Changed tariff name from "unmetered tariff" to "public lighting and street furniture tariff". Clarified the tariff would only be available to loads considered public lighting or street furniture with type 7, 8 and 9 meters.	Approve.

13.1.3 Tariff communications

Many submissions on our draft decisions (for all Victorian distributors) and the distributors' revised proposals highlighted the need for considered and coordinated education on tariffs in the context of an evolving tariff environment. Sandy Point Community Power (on AusNet's proposal) submitted that a public awareness campaign could mitigate some concerns customers have around their ability to respond to solar soak tariffs (for example, shifting electricity use to the middle of the day).[7] The Consumer Challenge Panel 32's (CCP32's) feedback supported a joint tariff information campaign between Victorian distributors, retailers and the Government.[8] Similarly, Jemena's Energy Reference Group noted and urged the AER to clarify who is responsible for this education.[9] AusNet's reset coordination group supported tariff education generally, but noted the evolving political and regulatory environment for tariffs.[10]

While our draft decisions did not approve AusNet's or Jemena's proposed tariff communication operating expenditure (opex) step changes, we consider there is value in distributors undertaking tariff education. Distributors remain well-placed to support customer understanding as part of their business-as-usual activities, particularly when this communication is undertaken in tandem with retailers, across all Victorian distributors and includes the Victorian Government. We consider that any customer-centred education should focus on how customers can understand, respond to and benefit from *retail* tariffs and signals, rather than network tariffs. This is because customers are not directly exposed to network tariffs, and it is the retail offer that customers can see and potentially respond to. We

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7 Sandy Point Community Power, *Submission on AusNet's electricity distribution proposals 2026-31*, January 2026, p. 3.

8 CCP32, *AusNet Revised Regulatory Proposal and Draft Decision Advice 2026-31*, January 2026, pp. 22-23; CCP32, *Jemena Revised Regulatory Proposal and Draft Decision Advice 2026-31*, January 2026, pp. 11-12; CCP32, *CitiPower Revised Regulatory Proposal and Draft Decision Advice 2026-31*, January 2026, p. 20; CCP32, *Powercor Revised Regulatory Proposal and Draft Decision Advice 2026-31*, January 2026, p. 21-22; CCP32, *United Energy Revised Regulatory Proposal and Draft Decision Advice 2026-31*, January 2026, p. 21.

9 Jemena Energy Reference Group, *Feedback to on Jemena Electricity Networks electricity distribution proposals 2026-31*, January 2026, p. 5.

10 AusNet Coordination Group, *Independent Report and Submission on Draft Decision and Revised Regulatory Proposal 2026 – 2031*, January 2026, p. 25.

encourage joint engagement between the Victorian Government, Victorian distributors and retailers on tariff education.

13.2 AusNet's revised proposal

AusNet submitted a revised tariff structure statement in December 2025. The revised tariff structure statement is largely consistent with its initial tariff structure statement submitted in January 2025. In response to our draft decision, AusNet:

- clarified that supply time availability for dedicated circuit times was 6-8 hours over a 24-hour period[11]
- provided additional information supporting the proposed 1kWh/day basic export level for its proposed residential two-way tariff
- included bill impact analysis demonstrating the impact of/to:[12]
  - customers affected by the proposed withdrawal of residential demand tariffs
  - medium and large customers re-assigned to transitional CPD tariffs from legacy tariffs
  - residential customers moving to its proposed two-way tariff[13]
- extended the LRMC input forecasts to 10 years and provided further explanation of forecast expenditure and demand driving expenditure
- included a table showing the allocation of LRMC and residual costs for all tariff classes[14]
- changed the name of its 'unmetered' tariff to 'public lighting and street furniture' tariff and clarified the tariff would only be available to loads considered public lighting or street furniture with 7, 8 and 9 meters.

AusNet made the following *additional* changes in its revised tariff structure statement (not in response to our draft decision):

- proposed a new CPD site-specific tariff for new sub-transmission customers
- proposed changes to its methodology for calculating network support exemptions for storage customers
- proposed to revise tariff codes for its default residential customer tariffs (see section 13.1.2).

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11 This was required in our draft decision; AER, *Attachment 13 – Tariff Structure Statement – Draft Decision – AusNet Services distribution determination 2026-31,* September 2025, pp. 25-28. This issue is not covered again within section 13.4 of this attachment.

12 This was required in our draft decision; AER, *Attachment 13 – Tariff Structure Statement – Draft Decision – AusNet Services distribution determination 2026-31,* September 2025, pp. 24-25. This issue is not covered again within section 13.4 of this attachment.

13 AusNet, *Information Request #058 - Revised proposal TSS clarifications*, February 2026, pp. 1–2.

14 This was required in our draft decision; AER, *Attachment 13 – Tariff Structure Statement – Draft Decision – AusNet Services distribution determination 2026-31,* September 2025, pp. 32-33. This issue is not covered again within section 13.4 of this attachment.

13.3 Assessment approach

We assess tariff structure statements against the requirements of the NER and the National Electricity Law (NEL). We make our decisions in a manner that is or likely to contribute to the achievement of the National Electricity Objective (NEO).

First, the NER set out elements that an approved tariff structure statement must contain.[15] These include the structure of proposed tariffs, and the policies and procedures the distributor will use to assign customers to those tariffs.

Second, a tariff structure statement must comply with the pricing principles set out in NER cl. 6.18.5.[16] Broadly, that is:

- tariffs must comply with the pricing principles, in a manner that will contribute to the Network Pricing Objective (NPO) - that tariffs reflect the distributor's efficient costs of providing those services to the retail customer[17]
- tariffs can vary from tariffs that comply with the pricing principles in NER clauses 6.18.5(e) – (g) (economic pricing principles) to the extent permitted under NER cl. 6.18.5(c) (in consideration of customer impacts, customer / retailer understandability, and that tariffs comply with the NER and all applicable regulatory instruments).

Third, we consider whether and how a distributor's tariff structure statement contributes to the achievement of the NEO.

We also take into consideration stakeholder submissions.

Subject to chapter 6 and cl. 6.12.3 of the NER, the AER has (limited) discretion to accept or approve, or refuse to accept or approve, any element of a proposed tariff structure statement.[18]

Under NER cl. 6.12.3(k), the AER must approve a tariff structure statement unless the AER is reasonably satisfied that the proposed tariff structure statement does not comply with the pricing principles for direct control services or other applicable requirements of the NER.

Because we are approving AusNet's revised tariff structure statement, we do not have to exercise NER cl. 6.12.3(l). Under NER cl. 6.12.3(l), if the AER were to refuse to approve a proposed tariff structure statement, the AER must include in that distribution determination an amended tariff structure statement which is:

- determined on the basis of the distributor's proposed tariff structure statement; and
- amended from that basis only to the extent necessary to enable it to be approved in accordance with the NER.

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15 NER, cl. 6.18.1A(a).

16 NER, cl. 6.18.1A(b).

17 NER, cl. 6.18.5(a), cl. 6.18.5(b), cl. 6.18.5(d).

18 NER, cl. 6.12.3(a)(2).

13.3.1 What happens after a tariff structure is approved?

Once approved, a tariff structure statement will remain in effect for the relevant regulatory control period. The distributor must comply with the approved tariff structure statement and be consistent with the indicative pricing schedule when setting prices annually for direct control services.[19]

We will separately assess the distributors' pricing proposals for the coming 12 months. Our assessment of pricing proposals will be consistent with the requirements of the relevant approved tariff structure statement. A distributor is required to submit its initial pricing proposal within 15 business days after publication of our determination.

An approved tariff structure statement is intended to provide certainty and transparency to customers for 5 years. It can only be amended within a regulatory control period with our approval.[20] We will approve an amendment if the distributor demonstrates that an event has occurred that was beyond its control and which it could not have foreseen, and that the occurrence of the event means that the amended tariff structure statement materially better complies with the distribution pricing principles.[21]

13.4 Reasons for final decision

In this section, we outline our reasons for approving AusNet's revised tariff structure statement.

Please refer to attachment 13 of our *draft* decision for detail on these issues that we have not provided additional analysis on namely:

- elements we approved in our draft decision and that AusNet did not change between their initial and revised proposed tariff structure statement
- elements of our draft decision that AusNet adopted or addressed (if no submission raised issues on these elements).

This section is structured as follows:

- Two-way tariff (proposed for residential customers only)
- Individually calculated / site-specific tariffs
- Network support tariff exemptions for storage customers
- Long run marginal cost methodology
- Public lighting and street furniture tariff

13.4.1 Two-way tariff (proposed for residential customers only)

Our final decision is to approve AusNet's proposed residential two-way ('CER' ('consumer energy resources')) tariff. We consider AusNet adequately responded to our draft decision

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19 NER, cl. 6.18.2(b)(7), cl. 6.18.2(b)(7A).

20 NER, cl. 6.18.1B.

21 NER, cl. 6.18.1B(d).

requirements and that AusNet's two-way tariff complies with the pricing principles and other applicable requirements.[22]

Our draft decision

Our draft decision did not approve AusNet's proposed two-way tariff as it did not comply with all requirements in the NER. We required AusNet to make the following changes in its revised tariff structure statement:[23]

- recalculate its export LRMC over a minimum 10-year period – include costs for flexible export services and supply improvements in export LRMC calculations, and further explain the forecasted avoidable costs that support export services whether included or not included in export LRMC calculations (per NER cl 6.18.5(f)) (the LRMC calculation is considered in section 13.4.4 below of this final decision)
- provide additional justification for its proposed 1kWh/day basic export level[24] – specifically, we considered that AusNet did not provide enough information to allow us to have regard to the basic export level having been set by AusNet having regard to NER cl.11.141.14(b)(1)(i)[25]
- provide bill impact analysis for customers moving to the two-way tariff.

We also encouraged AusNet to: [26]

- include further explanation on its export reward price level
- consider including in the revised tariff statement further bill impact analysis which demonstrates the impact to customers from whom revenue is recovered to fund export rewards.

Our draft decision considered that AusNet otherwise justified its need for two-way pricing and incorporated the customer protections required by the NER. We also considered that the other elements of AusNet's proposed two-way tariff structure complied with the pricing principles.

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22 We assess two-way tariffs largely the same way as we assess consumption-based tariffs. However, there are additional clauses in the NER that we are required to consider when assessing two-way pricing tariffs. In particular, for each proposed export tariff, distributors must provide a basic export level or the manner in which the basic export level will be determined (NER cl. 11.141.13(a)(1)).

23 AER, *Attachment 13 – Tariff Structure Statement – Draft Decision – AusNet Services distribution determination 2026-31,* September 2025, p. 28.

24 The basic export level is the amount of electricity a customer can export to the network without incurring a charge. The AEMC required that distributors include a basic export level in all export tariffs for 2 regulatory periods from its final determination, see NER, cl. 11.141.12 and AEMC, *Access, pricing and incentive arrangements for distributed energy resources, Final Determination*, August 2021, p. 101.

25 AER, *Attachment 13 – Tariff Structure Statement – Draft Decision – AusNet Services distribution determination 2026-31,* September 2025, p. 32.

26 AER, *Attachment 13 – Tariff Structure Statement – Draft Decision – AusNet Services distribution determination 2026-31,* September 2025, p. 28.

AusNet's revised tariff structure statement

Basic export level

All Victorian distributors, including AusNet, retained in their revised tariff structure statements their initially proposed basic export levels of 1kWh/day, and provided additional information to support this.

AusNet explained that its proposed 1kWh/day basic export level aligned with the network intrinsic hosting capacity provided in its 'CER Enablement business case' attachment.[27] The network intrinsic hosting capacity provided in AusNet's 'CER Enablement business case' was measured in megawatts (MW). AusNet converted the network intrinsic hosting capacity at its most constrained part of the network – the *low voltage substation* level (218MW) – to derive an approximate network intrinsic hosting capacity per customer of 1.2kWh/day.[28]

AusNet considered that its basic export level of 1kWh/day was reasonable on the basis that:

- it applies to a two-way tariff which is opt-in, which ensures that only informed and willing customers face (through their retailer) export charges
- it supports economic efficiency by reducing cross-subsidies from non-exporting to exporting customers and encourages more dynamic and flexible export behaviour
- it is consistent with the level proposed by the other Victorian distributors (reducing tariff complexity for retailers).[29]

Bill impact analysis

AusNet's bill impact analysis showed (in Figure 13-1) that approximately 75-80% of customers would experience a bill change of no more than $10 annually in moving from the time-of-use tariff to the two-way tariff (assuming no change in the customers' consumption/export behaviour). Approximately 10% of customers would be *worse off* by more than $15 annually and 10% of customers would be *better off* by more than $15 annually.[30] AusNet' bill impact analysis was provided in response to in an information request.[31]

AusNet noted that because its two-way tariff is opt-in, it would expect some form of behaviour change from the customers moving onto the tariff. For example, AusNet considered that customers opting-in would more likely be battery customers seeking to take advantage of the two-way tariff's export reward.[32]

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27 AusNet, *Revised Tariff Structure Statement Explanatory Document*, December 2025, p. 39.

28 Page 7 of AusNet's CER Enablement business case provided that network intrinsic hosting capacity at the low voltage zone substation level will be between 216 MW and 219 MW over the regulatory period. Over the same period, AusNet estimated its customer base would average around 889,000 customers (refer table 3-2 of the Revised Proposal). Since its basic export level would apply for five hours per day, AusNet applied the calculation: 218 MW multiplied by 1,000 (to convert to kW (kilowatt)), multiplied by 5 (to convert to a daily kWh), divided by 889,000 (number of customers), to equal approx. 1.2 kWh per day per customer. AusNet, *Information Request #058 - Revised proposal TSS clarifications*, February 2026, p. 3.

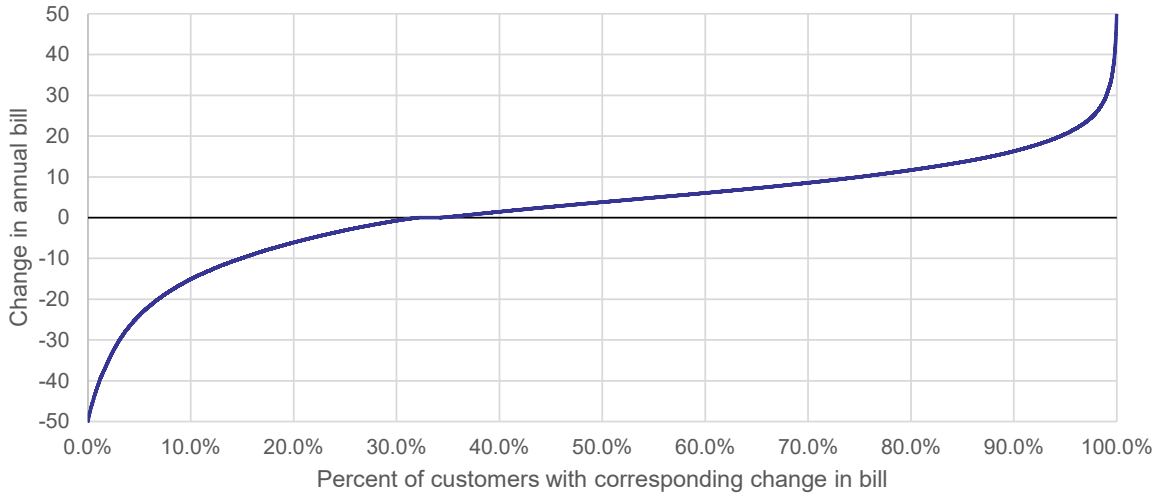
29 AusNet, *Revised Tariff Structure Statement Explanatory Document*, December 2025, p. 29.

30 AusNet, *Information Request #058 - Revised proposal TSS clarifications*, February 2026, p. 2.

31 AusNet, *Information Request #058 - Revised proposal TSS clarifications,* February 2026, pp. 1-2.

32 AusNet, *Information Request #058 - Revised proposal TSS clarifications*, February 2026, p. 2.

Figure 13-1 Network bill impact analysis for customers moving to AusNet's two-way tariff



Export charge / export reward price levels

AusNet nominally increased its indicative export charge (Table 13-2) to reflect an increase in its revised *export* LRMC calculation, such that the export charge now also recovers for the costs of flexible export services.

AusNet significantly increased its indicative export reward (Table 13-2) to match its corresponding *import* LRMC during network peak demand times.

Table 13-2 Changes to AusNet's proposed export pricing for two-way tariffs (2026-27) indicative prices)[33]

Proposal	Export charge (11am to 4pm)	Export reward (4pm to 9pm)
Initial TSS	**0.43 c/kWh**	**0.43 c/kWh**
Revised TSS	**1 c/kWh**	**10 c/kWh**

Stakeholder feedback

The Victorian Government supported two-way pricing, but encouraged AusNet and Jemena to incorporate seasonality in their two-way tariffs (similar to CPU's inclusion of seasonality). The Victorian Government also supported AusNet's revised export reward price level.[34]

AGL supported the introduction of two-way tariffs. AGL stated a preference for jurisdictional consistency across all Victorian distributors' two-way tariffs. AGL also recommended that clear and transparent communications should accompany all two-way tariffs to assist customer understanding.[35]

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33 AusNet, *SCS indicative pricing schedule*, January 2025; AusNet, *SCS indicative pricing schedule*, December 2025.

34 Hon Lily D'Ambrosio MP, *Submission on Victorian electricity distribution proposals 2026-31*, January 2026, pp. 6-7.

35 AGL, *Submission on Victorian electricity distribution proposals 2026-31*, January 2026, p. 3.

AER's considerations

Our final decision is to approve AusNet's two-way tariff as we are satisfied that it complies with the pricing principles and other applicable requirements in the NER. We consider that AusNet responded to our draft decision by providing the necessary information on basic export level and the bill impact analysis described above.[36] We also consider that changes to price levels align with LRMC and stakeholder preferences.

We consider that NER cl. 11.141.13(b)(1)(i) has now been satisfied. That is, as AusNet provided sufficient information in its revised tariff structure statement and subsequent information requests for us to have regard to the basic export level being set having regard to network intrinsic hosting capacity. Our general assessment and consideration of the two-way tariff was covered in our draft decision.

We note that AusNet's approach to calculating network intrinsic hosting capacity differed from other distributors. AusNet chose the most constrained part of its network as a measure of network intrinsic hosting capacity, while other distributors have generally adopted a network-wide approach. We do not prescribe the approach a distributor should use to calculate network intrinsic hosting capacity. We consider that AusNet has reasonably explained its approach and that the approach provides an acceptable estimate of what AusNet considers its intrinsic network hosting capacity.

In making our decision, we have also considered that AusNet's basic export level aligns with elements of our *Export Tariff Guidelines*,[37] including:

- **Jurisdictional consistency and feedback from stakeholders**: a 1kWh/day basic export level is consistent across all Victorian distributors, and both submissions on the revised two-way tariffs (from AGL and the Victorian Government) expressed a preference for jurisdictional consistency.
- **Customer impacts**: AusNet's two-way tariff is opt-in, and therefore exporters can avoid bill impacts by remaining on the default tariff.

13.4.2 Individually calculated / site-specific tariffs

Our final decision is to approve AusNet's newly proposed sub-transmission site-specific tariff. We consider AusNet's proposed site-specific tariff complies with the NER and pricing principles. We also consider the tariffs' intention to signal investment into areas of excess capacity promotes more efficient use of electricity services, consistent with the pricing principles and contributing to the achievement of the price element of the NEO.

Our draft decision

Our draft decision approved AusNet's originally proposed ICC tariffs for HV (high voltage) and sub-transmission customers. These tariffs have the same structure and same distribution use of system (DUOS) recovery as AusNet's standard large customer CPD tariffs

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36 NER cl. 11.141.13; NER 6.18.5(h); NER 6.18.5(f).

37 Our *Export Tariff Guidelines* provide (non-binding) information and guidance about the process for distributor development and AER approval of two-way tariffs and basic export levels. The *Export Tariff Guidelines* include other matters distributors may consider when setting the basic export level. AER, *Export Tariff Guidelines*, October 2024, pp. 18 – 19.

(fixed, time-of-use, demand and CPD charges). However, the transmission use of system (TUOS) component of the ICC tariffs would apply at a locational level and be passed through as a fixed charge.

AusNet's revised tariff structure statement proposed an additional site-specific tariff, aimed only at sub-transmission customers.

AusNet's revised tariff structure statement

AusNet's proposed new site-specific sub-transmission tariff, like its ICC tariff, will have the same tariff structure as AusNet's standard CPD tariffs. However, the DUOS component would be adjusted depending on the customer's location, any costs associated with connecting the customer that are not captured in capital contributions, and the impact that the customer's incremental revenue and consumption has on the average network price.[38] Additionally, and similarly to the already approved ICC tariffs, customers may also have TUOS costs individually calculated. This tariff would be open to new customers only with demand > 50MVA (megavolt-amps).[39] Customers can opt-out to the equivalent CPD standard tariff.

The intention of this tariff is to incentivise large customers to connect to areas of the network with spare capacity.[40]

Stakeholder feedback

We received no submissions on AusNet's proposed new site-specific tariff.

AER's considerations

Similar to AusNet's ICC tariff, its proposed site-specific tariff provides a more direct signal to sub-transmission customers on where to connect, and the relative cost or benefit associated with connecting in different locations. This contrasts with a standard tariff which has price signals based on average costs/constraints across the network. We consider that AusNet's site-specific tariff promotes more efficient use of electricity services for very large customers, consistent with the NEO and pricing principles.[41]

13.4.3 Network support tariff exemptions for storage customers

Our final decision is to accept AusNet's approach to offering network exemptions for the proportion of storage that provides network support.

Our draft decision

Our final decision on the Victorian distributors' 2021–2026 tariff structure statements clarified that the portion of a battery or storage asset, whether distributor-owned or privately-owned, providing network support services is exempt from network tariffs.[42] Our draft decisions on the Victorian distributors' 2026–31 tariff structure statements did not discuss network support

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38 AusNet, *Revised Tariff Structure Statement Compliance Document*, December 2025, pp. 22-23.

39 AusNet, *Information Request #058 - Revised proposal TSS clarifications*, February 2026.

40 AusNet, *Revised Tariff Structure Statement Compliance Document*, December 2025, p. 23.

41 NEL, s 16(1)(a), NER cl. 6.18.5.

42 AER, *Attachment 19 – Tariff structure statement – Final Decision – AusNet, CitiPower, Powercor, United Energy and Jemena 2021-26*, April 2021, p. 18.

exemptions. However, changes to AusNet's revised tariff structure statement on this issue lead us to consider tariff exemptions for storage holistically across all the Victorian distributors.

AusNet's revised tariff structure statement

The Victorian distributors have maintained offering payments to the proportion of storage that provides network support, although with different approaches in their proposed 2026–31 tariff structure statements. AusNet's approach is unchanged from the 2021–26 period and initial 2026–31 tariff structure statement and includes network tariff exemptions where:[43]

- the customer must enter into a network support agreement with AusNet which establishes obligations for the customers' asset to provide network support services and forms the basis for any exemption
- the site must have no other load besides the load associated with the storage asset
- the storage technology must be used exclusively for network support at the times when the exemption applies, and the customer does not engage in any competitive market activities whilst providing this service
- only the load directly associated with delivering network support services will be eligible for the exemption. The remaining load would face the standard tariff applicable to it.

However, its revised 2026–31 tariff structure statement includes AusNet's methodology for calculating network tariff exemptions, which it has not previously provided:[44]

- customers will have the network tariff exemption applied after the conclusion of each regulatory year
- the exemption will be passed through customers' retailer as a tariff rebate adjustment to their network charges
- the tariff rebate will be calculated based on a non-consumption value (e.g. for standing charges) and a consumption value (e.g. for consumption-based charges)
- a customer would sign a network support agreement with AusNet, which would establish the non-consumption value and consumption value used to derive the tariff rebate amounts

AusNet will include a calculation of network tariff exemptions as a supporting document to its annual pricing proposal.

Stakeholder feedback

We received no submissions on AusNet's approach to network support tariff exemptions.

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43 AusNet, *Revised Proposal 2026-31, Tariff Structure Statement, Compliance Document*, December 2025, p. 19.

44 AusNet, *Revised Proposal 2026-31, Tariff Structure Statement, Compliance Document*, December 2025, p. 20.

AER's considerations

We consider that AusNet has provided sufficient information on how it will apply network support exemptions to storage customers. AusNet's approach will continue to ensure equal treatment and benefits for privately-owned and distributor-owned storage that provide network support. This approach is also consistent with our expectation that all storage, irrespective of ownership, face network tariffs for the proportion of the technology that provides services other than network support.

13.4.4 Long run marginal cost methodology

Our final decision is to approve AusNet's method of LRMC calculation. We consider that tariffs based on the revised LRMC calculations now comply with pricing principles under NER cl. 6.18.5(f).

Our draft decision

Our draft decision required AusNet (and other Victorian distributors) to calculate the LRMCs for both its import and export services using forecasts based on at least a 10-year period. We also required AusNet to include costs for flexible export services and supply improvements in export LRMC calculations and provide additional explanation of forecast expenditure and the underlying forecast demand driving incremental expenditure for both import and export services.

We encouraged AusNet to consider refinements/alternatives to the average incremental cost (AIC) method for calculating its LRMC and to explain why the proposed approach, compared to the costs and benefits of alternative approaches, adequately captures the LRMC of its network.

AusNet's revised tariff structure statement

AusNet responded to our draft decision by increasing the time period from 5 to 10 years in its revised tariff structure statement, for:

- demand driven capital expenditure (capex) forecasts for both import and export services
- forecast cumulative growth in demand for export services (included in its export LRMC calculations).

For the underlying forecast demand driving incremental expenditure, AusNet described the information on which its forecasts were based and its sources. For import LRMC this included information from the Victorian Government and in-house forecasting models. For export LRMC, AusNet used the additional exports that would be enabled by the avoidance of export limits that results from the expenditure it proposed for CER enablement.[45]

To further explain how the proposed expenditure is related to its provision of services and forecast use for its service, AusNet provided a breakdown of the type of augmentation capital expenditure included in its LRMC calculation for both import and export LRMC, in addition to

[45] AusNet, *Revised Proposal 2026-31, Tariff Structure Statement, Compliance Document*, December 2025, p. 15.

referencing other supporting documents included with its 2026-31 reset proposal.[46] For export LRMC, AusNet provided additional information which shows that augmentation expenditure to support export services principally relates to the need for upgrades to voltage control at substations and the installation of additional transformer capacity. AusNet noted that due to the location specific nature of this augmentation requirement, its LRMC calculation is based on a *typical* augmentation requirement triggered by an increase in export capacity in a local area network.

AusNet included the required additional costs for flexible export services but did not include the additional costs related to supply improvements. AusNet disagreed that expenditure associated with supply improvements should be included, primarily because the program is a recurrent program and the solutions often used to address quality of supply compliance issues are not related to adding additional export capacity.[47]

AusNet retained the AIC approach to calculating LRMC in its revised tariff structure statement. AusNet considered that the AIC approach is appropriate because it is commonly used by other distribution networks, is well suited to a fairly consistent profile of investment over time to service growth in demand, and it does not rely on a forecast of growth in demand that differs materially from the broader forecasts used to underpin other components of its regulatory proposal.[48]

Stakeholder feedback

We received no submissions on the Victorian distributors' approach to calculating LRMC.

AER's considerations

We consider that AusNet has adequately responded to our draft decision requirements by increasing the period of capex and demand forecasts included in its LRMC calculations to 10 years and by providing the required additional information on forecast expenditure and demand. We consider that the inclusion of the additional costs related to flexible export services and the explanation for not including costs related to supply improvements is acceptable. However, we encourage AusNet to improve its LRMC methodology in future tariff structure statements, including through consideration of refinements or alternatives to the AIC method used, consideration of changes occurring in the energy sector that increase the utility (value) of marginal and locational price signals, and consideration of the costs and benefits of its chosen method for calculating LRMC. In making encouraging improvements to AusNet's LRMC methodology, we make observations on the rationale for LRMC-based pricing, the benefits of it and why we consider distributors are well-placed to refine their methods of calculating LRMC.

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46 Includes 15 individual business cases for augmentation expenditure and 4 business cases for CER enablement and distribution service operator services. Refer to Supporting documents – Augmentation and Supporting documents – LV, Voltage CER and DSO (distribution system operator) provided with the 2026-31 revised proposal for the full list.

47 AusNet, *Revised Proposal 2026-31, Tariff Structure Statement, Compliance Document*, December 2025, p. 28.

48 AusNet, *Revised Proposal 2026-31, Tariff Structure Statement, Compliance Document*, December 2025, p. 14.

LRMC is a calculation of forward-looking costs, measured over a period of time sufficient for all factors of production to be varied. It represents the cost of meeting an incremental increase (or decrease) in demand over the long term, for example, accounting for any increased network augmentation required to meet additional electricity demand over a period of 10 years or greater. Where they are passed through by retailers, LRMC-based price signals provide a relatively predictable and stable incentive for consumers who are willing and able, to utilise the network more efficiently. Efficient utilisation in turn helps to reduce future network costs, as it reduces the need for additional network capacity and/or the amount of network infrastructure that needs to be maintained. For the past 3 rounds of tariff structure statements, distributors have based their import tariffs on the LRMCs of providing the related service, as required under the NER. The NER requires that the method used by distributors to calculate LRMC have regard to the costs and benefits associated with calculating, implementing and applying that method as proposed.[49]

When tariffs incorporate signals on the marginal, or forward-looking, cost of increasing (or decreasing) demand, consumers can make informed decisions about their electricity usage – decisions that reflect the cost to the network of how and when they use electricity. Under such tariffs, customers who are willing and able to shift load could decrease their use of the network at times the network is constrained and increase it at times of lower network constraints. This reflects that for their flexible load, such customers value energy use at times of network constraint lower than the cost at that time, and are willing and able to shift some energy use to lower cost times. This behaviour provides the signals to distributors to invest (or not invest) in additional capacity to accommodate an increasing (or decreasing) peak load, to the extent that customers in aggregate value it. LRMC signals enable distributors to shape demand profiles permanently through purchasing decisions that allow for load reduction or load shifting and for long-term energy use patterns. For example, hot water load control tariffs with cheaper rates have been demonstrated to be effective and accepted by consumers over many decades.

After distributors have allocated their LRMCs to times of peak use, they also need to recover their residual costs (costs that are not forward-looking). Distributors allocate residual costs across tariff charging parameters in a way that minimises distortions to the price signals for efficient use of the network, price signals that have been determined based on LRMC and reference to customer impacts, simplicity, stakeholder preferences, and cost recovery stability. As a result of this combined approach of utilising both LRMCs and residual costs, LRMCs are not the sole determinant of price levels at peak times.

The Victorian distributors have used a simple LRMC methodology that is relatively low cost to apply – the AIC method. We have accepted this method over all past tariff structure statement rounds and multiple distributors because we have considered that the costs of more refined LRMC methods have not outweighed the benefits. Our considerations include that LRMCs have not been the sole determinant of the price level of a tariff charging parameter at peak times, which limits the benefit that could be derived from higher cost LRMC methods. The use of simple and relatively low cost LRMC methods has represented an acceptable balance between the costs and benefits of alternative LRMC methods.

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[49] NER, cl. 6.18.5(f).

However, for all 3 rounds of tariff structure statements, we have still encouraged all distributors to consider refinements or alternatives to the AIC method to determine import and export LRMC. Some distributors have made incremental improvements. Ausgrid for example used a combined approach in its 2024–29 tariff structure statement, using the AIC method for import services in areas of the network where demand was rising and a perturbation approach for areas of the network where demand was falling.[50] CPU also made improvements in their 2021–26 tariff structure statements when they applied a marginal incremental cost method, which we commended, but then reverted to the simpler AIC method for this 2026–31 period.[51]

Over this third reset and looking ahead to the fourth reset, increasing CER take up and Victoria's existing near 100% smart meter penetration means there will be increased flexible load and distributed supply that can respond to more complex price signals. In this new environment, more accurate marginal and locational price signals and calculations have increased value, including by incentivising more efficient orchestration of CER. They can be used by distributors to assess the value and set the price for flexible use of the network and signal this to retailers, aggregators and consumers. The Victorian distributors have demonstrated this themselves in setting their export charges at their calculated export LRMCs and the reward for exports in the evening peak at about the level of their import LRMCs.

We consider that these developments that have occurred in the energy industry, which allow increased flexible load and distributed supply that can respond to more complex price signals (plus the more complex price signals themselves), have increased the benefits of using a more sophisticated estimation method such as a refined version of the AIC method or the Turvey (perturbation) method for either the entire network or at least specific parts of a network. This shifts the balance of costs and benefits that distributors are required to assess in selecting their LRMC method. Our expectation is that all distributors will make improvements to their LRMC methods in future resets.

As we turn our minds to the fourth round of tariff structure statements, we expect distributors to consider the costs and benefits associated with alternative methodologies to explain their decisions on LRMC methods and how it reflects the network needs at that time. This also applies to the accuracy, relevancy and detail of the inputs to LRMC calculations. This is particularly important for those inputs that are required to be included in the calculations to ensure that it is considered long-run but that extend beyond the proposed regulatory period.

13.4.5 Public lighting and street furniture tariff

Our final decision is to approve AusNet's public lighting and street furniture tariff (previously named 'unmetered' tariff) as we consider AusNet has adequately responded to our draft decision requirements.

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50 Ausgrid, *Revised proposal – Att. 8.1 - Tariff Structure Statement compliance document 2024–29,* November 2023, p. 9.

51 CitiPower, *Revised Regulatory Proposal – 2021-26 – APP06 – Tariff Structure Statement*, December 2020, p. 20. Powercor, *Revised Regulatory Proposal – 2021-26 – APP06 – Tariff Structure Statement*, December 2020, p. 20. United Energy, *Revised Regulatory Proposal – 2021-26 – APP06 – Tariff Structure Statement*, December 2020, p. 20.

Our draft decision required AusNet to further consider how it had factored the AEMC's *National Electricity Amendment (Unlocking CER benefits through flexible trading*) Rule 2024[52] (the unlocking CER benefits rule change) into its unmetered tariff. This included that AusNet consider how it would incorporate new type 9 meters into its tariff structure statement and whether the tariff name 'unmetered tariff' was fit for purpose for the 2026–31 period.[53] An explanation of the difference between type 7 and type 9 meters and a background on the unlocking CER benefits rule change can be found in our draft decision.[54]

AusNet responded to our draft decision by changing the name 'unmetered' tariff to 'public lighting and street furniture' tariff. AusNet also clarified that it would be available to type 8 and 9 metered load as well as type 7 metered load, but only to load that is considered public lighting and street furniture. That is, AusNet has explicitly excluded EV charging load from accessing this tariff.[55] We consider AusNet has:

- included sufficient information on the policies and procedures that apply to assigning customers to this tariff according to NER cl. 6.18.1A
- to the extent that principles governing tariff *class* assignment can apply where a tariff class is inferred because of eligibility (like in this case), had regard to the factors listed in NER cl. 6.18.4(a)(1) (including the nature and extent of usage and the metering technology installed).

We note that the unlocking CER benefits rule change introduced 2 new types of meters – type 8 and type 9 metered. Our understanding is that type 8a and 8b meters would be situated, respectively, at primary or secondary settlement points for large customers and secondary settlement points only for small customers. That is, they would not be associated with load that has traditionally faced 'unmetered' tariffs. CPU and Jemena's revised proposals reflect this, in that they have specified that their equivalent tariffs are available to only type 7 and type 9 load. AusNet's public lighting and street furniture tariff is available to type 8 meters as well as it considers there are anomaly situations where they may be suitable for its public lighting and street furniture tariff.[56] We are not certain, at this time, that there would be situations in which type 8 metered load would be eligible for AusNet's tariff because it is limited to public lighting and street furniture only. However, because of the limitations placed on eligibility for this tariff, we consider there are unlikely to be any negative unintended consequences of accepting its availability to type 8 metered load. We expect to consider further whether type 8 metered load is appropriate for this tariff in future tariff structure decisions when these meter types are more prevalent.

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52 The AEMC's *National Electricity Amendment (Unlocking CER benefits through flexible trading)* Rule 2024 created 3 new meter types, including type 9 meters. Type 9 meters (currently and in the future) are for unmetered supply where the connected device has the capacity to measure and report the energy it consumes or exports. This could apply to 'smart' streetlighting and could also apply to kerbside EV charging.

53 AER, *Attachment 13 – Tariff Structure Statement – Draft Decision – AusNet Services distribution determination 2026-31,* September 2025, p. 39.

54 AER, *Attachment 13 – Tariff Structure Statement – Draft Decision – AusNet Services distribution determination 2026-31,* September 2025, p. 39.

55 AusNet*, Revised Proposal 2026-31, Tariff Structure Statement, Compliance Document*, December 2025, p. 39.

56 AusNet, *Information Request #058 - Revised proposal TSS clarifications*, February 2026, p. 2.

For more information on type 9 meters see Attachment 11 (Service Classification) and attachment 15 (Metering).

A Tariff trials

The 5 Victorian distributors notified us of kerbside EV tariff trials (or sub-threshold tariffs[57]) to commence in 2026/27. The AER does not have a role in approving tariff trials.

There are some similarities between the trials, but structures and prices vary between the distributors. AusNet's and Jemena's trials are based on their residential CER/export tariffs, while CPU's are based on a combination of their residential CER tariff and default time-of-use tariffs. Elements of these trials that align across Victoria include:

- eligibility of these trial tariffs is limited to alternating current (AC) kerbside chargers with supply capacity < 44kW
- all the trials have 1kWh/day solar soak charges to encourage daytime charging.

Notably, all 5 tariff trials have concessional elements compared to the residential tariffs on which they are based. These concessional elements include $zero fixed charges and export rewards (a feature in all 5 trials), no export charges (featured in the trials in AusNet's and CPU's networks) and peak consumption charges which are half of the equivalent standard residential tariff (featured in the trials in CPU's networks).

Further, the distributors have limited the eligibility for the trials to AC kerbside chargers. Their rationale is because AC chargers are typically located in residential areas and it is in residential areas that the networks experience the excess daytime solar exports that the solar soak charges of the tariffs are targeting. In contrast, larger chargers such as direct current (DC) chargers are typically located on highways and have larger load that is not appropriate for these tariff structures, including because those locations don't have the same excess solar supply apparent in residential areas of the network.

Stakeholder submissions generally support EV tariff trials but advocated for their eligibility to be broadened. Nexa Advisory supported dedicated EV tariff trials but submitted that the AER should mandate distributors to accelerate and broaden eligibility for the notified trials. It also supported dynamic and critical peak price tariffs but recommended that the AER pursue measures to reduce exposure of EV load to demand charges.[58] Similarly, Evie Networks' submission supported accelerated dynamic and critical peak pricing, a move away from demand tariffs for EV charging load and broadened eligibility for these tariff trials. It also advocated for consistency in tariff structures for EV charging load.[59] AGL's submission supported the trials, but recommended eligibility is broadened to ensure technological neutrality and sought commitments by distributors to consider trials for other EV load during the 2026–31 period.[60] The Victorian Government submitted that the AER should reject these tariff trials in their current form because they are not consistent with the NER and discriminate against other users. It did, however, support ambitious EV tariffs and trials more

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57 NER cl. 6.18.1C.

58 Nexa Advisory, *Submission on Victorian Electricity distribution proposals 2026-31,* January 2026, pp. 7-10.

59 Evie Networks, *Submission on Victorian Electricity distribution proposals 2026-31,* January 2026, pp. 3-6;

60 AGL, *Submission on Victorian electricity distribution proposals 2026-31*, January 2026, p. 3.

generally, calibrated to different load profiles, and supported engagement on this between the AER, distributors and the EV industry.[61]

Tariff trials are not required to comply with the pricing principles for direct control services (the pricing principles) per NER cl. 6.18.1C(b)(1), although they often do. In contrast to tariffs submitted in a tariff structure statement, tariff trials are not assessed or approved by us. Rather, they are *notified* to us according to cl. 6.18.1C(a). Accordingly, and as long as they fall under revenue threshold limits when reported in annual pricing proposals, the AER cannot amend or remove them.

If the Victorian distributors were to propose these trials as full tariffs in their tariff structure statements for the 2031–36 regulatory period, we would then assess them against the pricing principles and other applicable requirements of the NER.

Tariff trials are often concessional in nature to encourage sufficient uptake to test tariff innovations. However, it is not the role of tariff trials to provide industry support, nor to facilitate a lower contribution to network cost recovery for one subset of customers relative to other customers with similar connection and load characteristics. We otherwise support scalable future tariff trials aimed at EV charging load and that test what network tariff structures best signal the benefits and costs those loads may impose on networks.

Victorian distributors can notify the AER of further tariff trials for implementation in later years of the 2026−31 period. Such notifications must be submitted 4 months ahead of the financial year in which they will be implemented (i.e. by the end of February for implementation from 1 July of the same year). We encourage the Victorian distributors to engage with retailers, the Victorian Government and the EV industry to develop trials, including dynamic and critical peak pricing trials, for a broader range of EV charging stakeholders during the 2026–31 period.

We acknowledge Evie Networks' submission supporting consistency in tariff structures for EV load. We note that there is broad consistency across the NEM already, whereby peaky load customers, including chargepoint operators, consuming ≤160MWh (megawatt-hours) per annum can opt-into a time-of-use tariff. We encourage the Victorian distributors, in their engagement, to consider whether further consistency is appropriate. However, we maintain that EV charging load that consumes >160MWh per annum can reasonably be considered capable of understanding and responding to price signals more complex than time-of-use tariffs.

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61 Hon. Lily D'Ambrosio MP, *Submission on Victorian electricity distribution proposals 2026-31*, January 2026, pp. 7-8.

Shortened forms

Term	Definition
AC	alternate current
AIC	average incremental cost
capex	capital expenditure
CCP32	Consumer Challenge Panel 32
CER	consumer energy resources
CPD	critical peak demand
CPU	CitiPower, Powercor and United Energy
DC	direct current
DUOS	distribution use of system
HV	high voltage
ICC	individually calculated customer
kW	kilowatts
kWh	kilowatt-hours
LRMC	long run marginal cost
MVA	megavolt-amps
MW	megawatts
MWh	megawatt-hours
NEL	National Electricity Law
NEO	National Electricity Objective
NER	National Electricity Rules
NPO	Network Pricing Objective
opex	operating expenditure
TUOS	transmission use of system