# Final decision

Jemena distribution determination
1 July 2026 – 30 June 2031

**Attachment 13 – Tariff structure statement**

**April 2026**

AUSTRALIAN ENERGY REGULATOR

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AER reference: AER23008248

**Amendment record**

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# Contents

# 13 Tariff structure statement

## 13.1 Final decision

This attachment sets out our final decision on Jemena'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. 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 Jemena'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 Jemena's proposed and revised tariff structure statement
- submissions on our draft decision and Jemena'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 (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 preferences; and stakeholder consultation. Notably, the Victorian distributors' third round of tariff structure statements include:

1 NER, cl. 6.18.1A.

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

- new time-of-use tariffs for residential customers include 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 refuse to approve Jemena's revised 2026–31 tariff structure statement and require 2 amendments.[4] We are satisfied that with these amendments, Jemena's revised 2026–31 tariff structure statement will comply with the pricing principles for direct control services and other applicable requirements of the National Electricity Rules (NER). The amendments are to:

- include information on the eligibility, assignment policies and tariff setting process for Jemena's site-specific tariffs (this information is currently in Jemena's tariff structure explanatory statement but not in its tariff structure statement)

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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 NER, cls. 6.12.3(k) and (l).

- include further information on the eligibility and price setting process for Jemena's LV (low voltage) storage tariff.

Our final decision sets out the minimum changes we consider necessary for Jemena's proposed tariff structure statement to comply with the pricing principles.

We publish the final versions of Jemena's tariff structure statement alongside our final decision. For transparency, we publish both clean versions and marked-up versions.

Table 13-1 summarises our final decision on elements of Jemena'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 |
|---|---|---|---|
| **Residential time-of-use tariff discounting** | Required a description of the proposal to discount the residential time-of-use tariff relative to the flat tariff by 1% per year. | Included the required description. | Accept that the discounting is more clearly described. |
| **Controlled load tariff / dedicated circuit tariff** | Encouraged consideration of a new residential controlled load tariff or tariff trial, or modification of the existing tariff to include a 24-hour supply window and opening it to new and existing customers. | Indicated consideration of a trial tariff during the 2026–31 regulatory period. | Accept Jemena's position on controlled load tariffs. |
| **Small business assignment** | Not approved. Required clarification of assignment policy for small business customers on demand tariff (A20D), and confirmation that legacy tariff A270 will remain closed. | Confirmed that customers on the withdrawn A20D tariff would be reassigned to the default time-of-use tariff, and that tariff A270 remains closed to new customers. | Approve. |
| **Two-way tariff and basic export level** | Not approved. Required further justification of proposed 1kWh (kilowatt-hour)/day basic export level, and required additional information to enable | Retained a 1kWh/day basic export level and provided additional information. | Approve. |

| Issue | AER's Draft Decision | Distributors' revised tariff structure statement | AER's Final Decision |
|---|---|---|---|
| | the AER to have regard to network intrinsic hosting capacity when assessing basic export levels. | | |
| **Network bill impact analysis** | Not approved. Required further network bill impact analysis for small customers moving from withdrawn demand tariffs to standard tariffs. | Provided the required analysis. | Approve. |
| **Site-specific tariff and information on eligibility** | Not approved. Required further information on tariff assignment policies and a description of the proposed approach to setting each site-specific tariff. | Provided information on tariff assignment, eligibility and tariff setting in revised tariff structure explanatory statement. | Amend the text in Jemena's revised tariff structure statement to include the text currently in its revised tariff structure explanatory statement. |
| **Storage tariff and basic export level** | Not approved. Required more clarity on charging components, assignment policies, and indicative charges. Also required further supporting information on the 1kWh/day basic export level. | Provided some additional information. Also proposed changes to the storage tariff structure not in response to the draft decision. | Amend to include clearer information on tariff eligibility and parameters around when and by how much the off-peak and summer demand incentive charge might increase during the 2026–31 period. |
| **Network support tariff exemptions for storage customers** | N/A | Explained the difference between storage agreements and network support exemption agreements. | Accept Jemena's approach to offering network 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: | Provided 10-year forecast and further explanation of forecast demand and expenditure within the revised tariff structure statement. | Approve. |

| Issue | AER's Draft Decision | Distributors' revised tariff structure statement | AER's Final Decision |
|---|---|---|---|
| | - the underlying forecast demand driving expenditure<br>- forecast expenditure for both import and export services. | | |
| **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 availability to both type 7 and 9 metered load, but only to public lighting and street furniture (not other type 9 metered load). | 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).[5] The Consumer Challenge Panel 32's (CCP32's) feedback supported a joint tariff information campaign between Victorian distributors, retailers and the Government.[6] Similarly, Jemena's Energy Reference Group (ERG) noted and urged the AER to clarify who is responsible for this education.[7] AusNet's reset coordination group supported tariff education generally, but noted the evolving political and regulatory environment for tariffs.[8]

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

6 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, pp. 21-22; CCP32, *United Energy Revised Regulatory Proposal and Draft Decision Advice 2026-31*, January 2026, p. 21.

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

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

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

## 13.2 Jemena's revised proposal

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

- included a description of its proposal to discount the residential time-of-use tariff relative to the flat tariff by 1% per year (to ensure stakeholder understanding of the proposal)[9]
- indicated that it will consider running a residential controlled load tariff trial in the 2026–31 regulatory period
- clarified that customers on the withdrawn demand tariff A20D would be assigned to the default time-of-use tariff, and that tariff A270 will remain closed to new customers
- provided additional information supporting the proposed 1kWh/day basic export level for its proposed residential two-way tariff
- included bill impact analysis showing that median residential and small business customers will be better off by being reassigned from withdrawn residential and small business demand tariffs to time-of-use tariffs[10]
- provided additional information on site-specific tariff eligibility (including the approach it will take in setting each site-specific tariff), pricing methodology and the ability for customers to opt-out to a standard tariff in its revised tariff structure explanatory statement
- clarified that its 'large business battery tariff' applies to any 'storage only' site as well as any 'battery only' site, and provided some information on indicative prices
- extended the LRMC input forecasts to 10 years and provided further explanation of forecast expenditure and demand driving expenditure

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9 This was required in our draft decision; AER, *Attachment 13 – Tariff structure statement – Draft decision – Jemena Electricity distribution determination 2026-31,* September 2025, p. 23. This issue is not covered again within section 13.4 of this attachment.

10 This was required in our draft decision; AER, *Attachment 13 – Tariff structure statement – Draft decision – Jemena Electricity distribution determination 2026-31,* September 2025, pp. 24 – 25. This issue is not covered again within section 13.4 of this attachment.

- changed the name of its 'unmetered' tariff to 'public lighting and street furniture' and clarified that it would be available to both type 9 and 7 metered load, but only to load that is considered public lighting and street furniture.

Jemena proposed the following *additional* change in its revised tariff structure statement (not in response to our draft decision):

- removed the solar soak and export components of its proposed LV large business storage tariff.

## 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.[11] 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.[12] 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[13]
- 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.[14]

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.

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11 NER, cl. 6.18.1A(a).

12 NER, cl. 6.18.1A(b).

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

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

The minimum changes we have made are in accordance with NER cl. 6.12.3(l). Under NER cl. 6.12.3(l), if the AER refuses 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.

### 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.[15]

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.[16] 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.[17]

## 13.4 Reasons for final decision

As noted under section 13.1, our final decision is to refuse to approve Jemena's revised tariff structure statement and require 2 amendments to make it compliant with the NER.

In this section, we outline our reasons for accepting, approving and amending elements of Jemena'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 Jemena did not change between its initial and revised tariff structure statement
- elements of our draft decision that Jemena adopted or addressed (if no submission raised issues on these elements).

This section is structured as follows:

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

16 NER, cl. 6.18.1B.

17 NER, cl. 6.18.1B(d).

- Small customer tariffs (residential and small business)
- Two-way tariffs (proposed for residential customers only)
- Individually calculated / site-specific tariffs
- Storage tariffs
- Long run marginal cost methodology
- Public lighting and street furniture tariff.

## 13.4.1 Small customer tariffs (residential and small business)

### 13.4.1.1 Controlled load tariffs

Our final decision is to accept that Jemena will consider a controlled load tariff trial during the 2026–31 regulatory period. Our rationale for encouraging this trial is unchanged from our draft decision.

Our draft decision *encouraged* Jemena to consider either creating a new residential controlled load tariff or tariff trial, or to modify its existing tariff to include a 24-hour supply window and open it to new and existing customers.[18]

#### Stakeholder feedback

AGL's submission on the Victorian distributors' revised tariff structure statements maintained its support for 24-hour dedicated circuit/controlled load tariffs and encouraged Jemena to pursue its proposed controlled load trial tariff as soon as possible. The submission from Jemena's ERG also noted that controlled load tariffs have worked well in the past for diversifying peak demand and that a similar approach could be beneficial for EV charging.[19]

## 13.4.2 Two-way tariffs (proposed for residential customers only)

Our final decision is to approve Jemena's proposed residential two-way ('export') tariff. We consider Jemena adequately responded to our draft decision requirements and that Jemena's two-way tariff complies with the pricing principles and other applicable requirements.[20]

#### Our draft decision

Our draft decision did not approve Jemena's proposed two-way tariff as it did not comply with all requirements in the NER. We required Jemena to make the following changes in its revised tariff structure statement:[21]

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18 AER, *Attachment 13 – Tariff Structure Statement – Draft Decision – Jemena Electricity distribution determination 2026-31,* September 2025, p. 10.

19 Jemena Energy Reference Group, *Feedback to AER on Jemena Electricity Networks distribution 2026-31 Draft Decision*, December 2025, p. 5.

20 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)).

21 AER, *Attachment 13 – Tariff structure statement – Draft decision – Jemena Electricity distribution determination 2026-31*, September 2025, p. 28.

- recalculate its export LRMC over a minimum 10-year period (the LRMC calculation is considered in Section 13.4.5 of this final decision)
- provide additional justification for its proposed 1kWh/day basic export level[22] – specifically, we considered that Jemena did not provide enough information to allow us to have regard to the basic export level having been set by Jemena having regard to NER cl.11.141.14(b)(1)(i).[23]

We also encouraged Jemena to: [24]

- 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 Jemena 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 Jemena's proposed two-way tariff structure complied with the pricing principles.

#### Jemena's revised tariff structure statement

Basic export level

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

Jemena initially explained that network intrinsic hosting capacity can vary by household and that, for Jemena, this is generally dependent on a household's Victorian Emergency Backstop Mechanism (VEBM) requirements.[25] In an information request, Jemena provided an approximate *network-wide* intrinsic hosting capacity of 1.5kW (kilowatts) per customer or 7.5kWh/day.[26]

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

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22 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.

23 AER, *Attachment 13 – Tariff Structure Statement – Draft Decision – Jemena distribution determination 2026-31,* September 2025, pp. 32-33.

24 AER, *Attachment 13 – Tariff structure statement – Draft decision – Jemena Electricity distribution determination 2026-31*, September 2025, p. 28.

25 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement,* December 2025, pp. 26-27.

26 Jemena estimated the network wide export capacity by taking the total capacity on Jemena's network (1,877MVA (megavolt-amps) and multiplying it by 30% (563MVA) (for each LV augmentation, incremental export capacity is estimated as 30% of the LV circuit rating). Jemena divided the value by the number of residential customers (335,296) and applied a power factor (0.95) to convert the result to kW (1.5kW). We multiplied Jemena's final value by the number of hours where export charges apply (5 hours) to convert the value to 7.5kWh/customer. Jemena, *Information Request Jemena #062 - LRMC methodology and intrinsic hosting capacity,* February 2026, p. 3.

- setting a higher basic export level and not allowing Jemena to charge customers who export energy during the solar soak period would dampen the incentive for customers to self-consume / modify exporting behaviour
- the proposed two-way tariffs are opt-in only, which should provide sufficient customer protection and enable Jemena to provide a low basic export level to adequately signal the costs associated with exporting significant volumes of energy during the solar soak period.[27]

Export charge / export reward price levels

Jemena nominally increased its indicative export charge and reward (Table 13-2) to reflect an increase in its revised export LRMC calculation.

Jemena retained that its export charge be set *in line* with its export LRMC,[28] and further explained that it had derived its export reward by multiplying its export charge by 5 (to create a price ratio of 5:1).[29] Accordingly, any increase to Jemena's proposed export charge resulted in an increase to its export reward as well.

**Table 13-2 Changes to Jemena's proposed export pricing for two-way tariffs (2026-27 indicative prices)** [30]

| Proposal | Export charge (11am to 4pm) | Export reward (4pm to 9pm) |
|---|---|---|
| **Initial TSS** | **2.7 c/kWh** | **13.5 c/kWh** |
| **Revised TSS** | **2.9 c/kWh** | **14.7 c/kWh** |

Bill impact analysis

Jemena provided updated bill impact analysis reflecting increases to its indicative export pricing. Jemena's bill impact analysis showed that, assuming customers shift 5% of consumption from the peak to the solar soak window, customer net export rewards/charges range from -$73 (previously -$64) to +$14 (previously +$11) depending on customer profiles.[31]

### 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).[32]

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27 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement,* December 2025, pp. 27-28.

28 Jemena, *Tariff Structure Statement, Explanatory statement*, December 2025, p. 19.

29 Jemena, *Information Request #072 - Large LV storage tariff and LRMC,* February 2026, p. 3.

30 Jemena, JEN - *Att 09-04 SCS indicative pricing schedule*, January 2025; Jemena, *JEN - RP - Att 09-04 SCS indicative pricing schedule*, December 2025.

31 Jemena, *Tariff Structure Statement, Explanatory statement*, January 2025, pp. 26-27; Jemena, *Tariff Structure Statement, Explanatory statement,* December 2025, pp. 26-27.

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

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.[33]

#### AER's considerations

Our final decision is to approve Jemena'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 Jemena responded to our draft decision by providing the necessary information on basic export level and the bill impact analysis described above.[34]

We consider that NER cl. 11.141.13(b)(1)(i) has now been satisfied. That is, Jemena has 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 do not prescribe the approach a distributor should use to calculate network intrinsic hosting capacity. We consider that Jemena has reasonably explained its approach and that the approach provides an acceptable estimate of what Jemena considers its intrinsic network hosting capacity.

In making our decision, we have also considered that Jemena's basic export level aligns with elements of our *Export Tariff Guidelines*,[35] 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**: Jemena's two-way tariff is opt-in, and therefore exporters can avoid bill impacts by remaining on the default tariff.

### 13.4.3 Individually calculated / site-specific tariffs

Our final decision is to amend Jemena's revised tariff structure statement to include further information on tariff assignment and price setting for Jemena's proposed HV (high voltage) and sub-transmission site-specific tariffs.

We consider Jemena responded to our draft decision by explaining its assignment policy per NER cl. 6.18.1A(a)(2) and including a description of how the prices of the tariff will be set per NER cl. 6.18.1A(a)(5). However, Jemena included this information in its revised tariff structure *explanatory* statement rather than its tariff structure statement (the document against which compliance of annual pricing proposals is assessed). Our view is that any

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

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

35 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.

content relating to compliance with the NER, including the requirements in section 6.18.1A which specifies elements a *tariff structure statement* must include, should be included in the tariff structure statement.

### Our draft decision

Our draft decision approved Jemena's site-specific tariff structures but required it to include in its revised proposal the policies or procedures it would apply when assigning or re-assigning customers to site-specific tariffs, and a description of the approach it will take in setting each site-specific tariff.[36]

### Jemena's revised tariff structure statement

In its revised tariff structure explanatory statement, Jemena explained that site-specific tariffs will be available at the customers' request, for large customers (>22 kV (kilovolts)) seeking a new connection or significantly upgrading an existing connection. Jemena confirmed customers would be able to opt-out to a standard tariff and noted that capital contributions for the connection would then be recalculated on the basis of the chosen standard tariff. It also confirmed that price levels will be set consistent with LRMC and the NER requirements.[37]

Jemena's revised tariff structure explanatory statement also stated that site-specific tariffs will be available at Jemena's discretion.[38] We understand from meetings with Jemena that it would only apply discretion in negotiating prices with eligible customers, rather than when assigning customers to these tariffs.

### Stakeholder feedback

There we no submissions on Jemena's site-specific tariffs.

### AER's considerations

We consider Jemena has responded to our draft decision but that the information on eligibility and how prices are set, which is information NER cl. 6.18.1A requires be included in a tariff structure statement, should be in its *tariff structure statement*, not just in its tariff structure explanatory statement. The tariff structure statement should be read as a standalone document, while the explanatory statement includes background and supporting information. The AER's standardised tariff structure statement compliance document template sets out guidance on what each document should include. Accordingly, we have amended Jemena's revised tariff structure statement to include the following:

- site-specific tariffs will be available at the customers' request, for large customers (>22kV) seeking a new connection or significantly upgrading an existing connection
- customers can opt-out of site-specific tariffs

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36 AER, *Attachment 13 – Tariff structure statement - Draft decision – Jemena Electricity distribution determination 1 July 2026 – 30 June 2031,* September 2025, pp. 37-38.

37 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement, Explanatory statement*, December 2025, pp. 36-37.

38 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement, Explanatory statement*, December 2025, p. xiii.

- site-specific tariff price levels will be set in accordance with the LRMC and pricing principles in the NER, and adopt the same structure as the equivalent standard tariff
- designated pricing proposal charges (DPPC) and jurisdictional scheme amount (JSA) charges will be adopted based on the rates and structure of the most relevant standard tariff equivalent
- Jemena's discretion will be applied in negotiating prices with customers, rather than in assigning customers to the tariffs.

### 13.4.4 Storage tariffs

Our final decision is to amend Jemena's proposed LV large business storage tariff to include:

- further information on tariff assignment and how it will apply its discretion in assigning customers to this tariff (as required by NER cl. 6.18.1A(a)(2))
- change 'battery tariff' references to 'storage tariff' as it is currently unclear that the tariff is technology neutral and available to a range of storage technologies (as required by NER cl. 6.18.1A(a)(2))
- the conditions under which it could introduce off-peak and summer demand incentive charges during the 2026–31 period and the level of charges, to enable the tariff to be understood by customers per NER cl. 6.18.5(i).

#### Our draft decision

Our draft decision required Jemena to include supporting information on its 1kWh/day basic export level, provide clarity on its assignment policy, charging components and charging periods, and provide indicative prices.

#### Jemena's revised tariff structure statement

Jemena responded to our draft decision by:

- including indicative prices for its storage tariff[39]
- providing further information on its connection policy[40]
- clarifying on its tariff eligibility that it would[41]
  - apply to storage customers generally, and not just battery customers
  - apply to customers with capacity of between 100kVA (kilovolt-amps) – 500kVA[42]
  - assume no other consumption at the national metering identifier (NMI) other than the storage technology.[43]

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39 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement, Explanatory Statement*, December 2025, p. 36.

40 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement, Explanatory Statement*, December 2025, p. 36.

41 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement,* December 2025, p. 16.

42 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement,* December 2025, p. 16.

43 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement,* December 2025, p. 16.

Jemena removed the solar soak, export reward and export charge components that it initially proposed for the tariff. Jemena made this change to make the tariff simpler and incentivise take-up (i.e. not in response to our draft decision).

Jemena also proposed to retain discretion over applying this tariff.[44] This discretion is not explicitly explained in its revised tariff structure statement. In response to an information request, Jemena explained it would apply its discretion to *not* assign customers to this tariff where:[45]

- the customer is connected to an area that doesn't provide a network benefit – for example, if a storage/battery facility is located in an area with sufficient network capacity and no minimum demand or voltage issues, and therefore would not help defer network upgrades or address minimum demand issues, it would not be able to access the tariff
- the storage/battery facility is co-located with other load, making it difficult to separate the battery's impact from the rest of the site
- the technology is not compliant with technical or connection standards.

Further, Jemena's indicative prices also confirmed that it will set off-peak and summer demand incentive charges to $zero to encourage take-up, but these charges would be reviewed during the 2026–31 for appropriateness.[46] Jemena's tariff structure statement does not explain the parameters around how and in what circumstances these charges may increase. This information was provided in an information request:[47]

- off-peak charges may increase if customer consumption at off-peak times contributes to localised network constraints, while summer demand incentive charges may be introduced if there are significant demand increases from LV Large Business Storage customers during December to March, which could potentially increase maximum demand on the network and lead to future network augmentation
- if off-peak and/or summer demand incentive charges were to be introduced in the 2026–31 period, they would be set with reference to and not exceed the same prices in Jemena's standard large business LV tariff
- any changes would be implemented through the annual pricing process.

We also understand that Jemena has changed the name of this tariff from a 'battery' tariff to a 'storage' tariff, but it applied this change inconsistently in its revised tariff structure statement. For example, section 6.2 of its revised tariff structure statement refers to 'LV large business storage tariff.'[48] However, the tariff structure table in section 4.4 of its revised tariff structure statement still refers to a 'large business *battery* tariff.'[49]

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44 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement,* December 2025, p. 16.

45 Jemena, *Information Request #049 – TSS clarifications*, January 2026, p. 2.

46 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement, Explanatory Statement*, December 2025, p. 36.

47 Jemena, *Information Request #072 – Large LV storage tariff and LRMC*, February 2026, pp. 1 – 2.

48 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement,* December 2025, p. 28.

49 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement,* December 2025, p. 16.

### Stakeholder feedback

Stakeholder submissions did not provide feedback on Jemena's proposed changes to its storage tariff. AGL submitted support for Jemena's $/year fixed charges over CPU's proposed capacity charges to recover residual costs.[50] However, the Victorian Government submitted that Jemena's fixed charge ($3,585/annum), while slightly reduced since the initial tariff structure statement, remains high in the absence of incentives for battery operation that takes pressure off the network.[51]

### AER's considerations

We consider that Jemena partially responded to our draft decision. The insufficiency is that details on how it will apply its discretion in assigning customers to the tariff and how it may increase off-peak and summer demand incentive charges are not clear within its revised tariff structure statement. However, we consider that Jemena has provided the relevant information in response to information requests. We have amended Jemena's revised tariff structure statement to include this information. We have also amended Jemena's revised tariff structure statement to provide certainty that the eligibility of this tariff is intended to apply broadly to variety of storage technologies and not just batteries.

In particular, we consider Jemena provided insufficient information to explain that customers would only be assigned to this tariff if they provide a network benefit (determined by Jemena). This part of Jemena's discretion was only apparent to us in responses to information requests.[52] This exemption criterion is not explained in terms of transparent benchmarks which can be easily verified, and is mentioned only briefly in Jemena's revised explanatory statement. In the absence of clarity, there is potential for (real or perceived) inconsistent or arbitrary application. Accordingly, we have amended Jemena's tariff structure statement to include the information. We have also amended its tariff structure statement to include a link to Jemena's distribution planning report, which contains interactive information for storage customers seeking to connect to Jemena's network, on the areas of the network that are not constrained.[53]

We also consider Jemena has provided insufficient information on the circumstances in which it might increase its off-peak and summer demand incentive scheme charges, currently set to $zero, during the 2026–31 period. Accordingly, we have amended Jemena's tariff structure statement to include this information which was provided in response to information requests.[54]

We acknowledge the Victorian Government considers that Jemena's fixed charge remains high. We note that Jemena's fixed charge is not dissimilar to other distributors' storage tariff

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50 AGL, *Submission on Victorian electricity distribution proposals 2026-31*, January 2026, p. 1.

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

52 Jemena, *Information Request #049 – TSS clarifications*, January 2026, p. 2.

53 Jemena, *Distribution Annual Planning Report*, current at 2025.

54 Jemena, *Information Request #072 – Large LV storage tariff and LRMC*, February 2026.

fixed charges.[55] Further, Jemena has proposed the same fixed charge for its storage tariff as its equivalent large business tariff. We consider Jemena's fixed charge appropriately recovers residual costs. Further, its proposed storage tariff is intentionally discounted relative to standard large business tariffs to encourage take-up.[56]

#### 13.4.4.1 Network support tariff exemptions for storage

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

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.[57] Our draft decisions on the Victorian distributors' 2026–31 tariff structure statements did not discuss network support 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.

##### Jemena'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. Jemena's approach is unchanged from the 2021–26 period and its 2026–31 initial tariff structure statement, and includes network tariff exemptions where:[58,59]

- the customer must enter into a network support agreement with Jemena, 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 competitive market activities when providing network support
- 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.

Further, Jemena clarified that the network support exemption is intended to apply equally to all storage technologies, irrespective of ownership.[60] We note that Jemena does not currently

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55 For example (and with annualised charges for comparison) SAPN's 2025-26 approved fixed charge is approximately $3,000 in its tariff applicable to large LV storage, and similarly to Jemina's proposed tariff, has no reward component to incentivise behaviour that benefits the network.

56 Jemena, *Information Request #049 – TSS clarifications*, January 2026, p. 2. Jemena currently has no storage proponents connected to its network.

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

58 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement,* December 2025, p. 19.

59 Jemena, *Information Request #049 – TSS clarifications*, January 2026, p. 3.

60 Jemena, *Information Request #049 – TSS clarifications*, January 2026, p. 2.

have any storage customers connected to the distribution network. It has not provided any further explanation of the method used to calculate the network exemption.

#### Stakeholder feedback

There were no submissions on Jemena's network support exemptions.

#### AER's consideration

We consider that Jemena has provided sufficient information on how it will apply network support exemptions. Jemena'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.

### 13.4.5 Long run marginal cost methodology

Our final decision is to approve Jemena'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 Jemena (and other Victorian distributors) to calculate the LRMC for both its import and export services using forecasts based on at least a 10-year period. We also required Jemena to provide additional explanation of forecast expenditure and the underlying forecast demand driving incremental expenditure for both import and export services.

We encouraged Jemena 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.

#### Jemena's revised tariff structure statement

Jemena 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.

To further explain how the proposed expenditure is related to its provision of services and forecast use for its service and the underlying forecast demand driving incremental expenditure, Jemena outlined the projects used in its forecasts and referenced supporting documents that provide additional information.[61]

Jemena retained the AIC approach to calculating LRMC in its revised tariff structure statement. Jemena acknowledges that the AIC approach is generally not as precise an estimate of LRMC compared with the Turvey methodology but considers that the administrative costs of undertaking the Turvey methodology would exceed the benefits. Jemena considers the AIC approach is appropriate because it is commonly used by other

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61 Jemena, *JEN-Att 05-01 Capital Expenditure,* December 2025, pp. 31–57.

distribution networks, satisfies the NER requirement for having regard to the costs and benefits associated with calculating, implementing and applying the chosen method and has been accepted by the AER as a reasonable estimate for tariff setting purposes.[62]

### Stakeholder feedback

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

### AER's considerations

We consider that Jemena has adequately responded to our draft decision requirements by increasing the period of capex forecasts included in their LRMC calculations to 10 years and by providing the required additional information on forecast expenditure and demand. However, we encourage Jemena 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 encouraging improvements to Jemena'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.

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.[63]

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, and where signals are passed on by retailers, 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

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62 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement*, December 2025, p. 7.

63 NER, cl. 6.18.5(f).

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.

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.[64] 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.[65]

Over this third reset and looking ahead to the fourth reset, increasing CER (consumer energy resources) 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.

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

65 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.

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.

### 13.4.6 Public lighting and street furniture tariff

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

Our draft decision required Jemena to further consider how it had factored the AEMC's *National Electricity Amendment (Unlocking CER benefits through flexible trading*) Rule 2024[66] into its unmetered tariff. This included that Jemena 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.[67] An explanation of the difference between type 7 and type 9 meters and a background on the rule change can be found in our draft decision.[68]

Jemena responded to our draft decision by changing the name 'unmetered' tariff to 'public lighting and street furniture' tariff. Jemena also clarified that it would be available to type 9 metered load as well as type 7 metered load, but only to load that is considered public lighting and street furniture. That is, other future type 9 metered load, like kerbside EV load, would be assigned to the relevant tariff or tariff trial according to its consumption.[69,70] We consider Jemena has:

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66 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.

67 AER, *Attachment 13 – Tariff structure statement - Draft decision – Jemena Electricity distribution determination 1 July 2026 – 30 June 2031,* September 2025, p. 27.

68 AER, *Attachment 13 – Tariff structure statement - Draft decision – Jemena Electricity distribution determination 1 July 2026 – 30 June 2031,* September 2025, p. 27.

69 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement*, December 2025, p. 14.

70 Jemena, *Revised Proposal 2026-31, Tariff Structure Statement, Explanatory Statement*, December 2025, p. xiv.

- 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).

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[71]) 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.[72] 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.[73] 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.[74] 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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71 NER cl. 6.18.1C.

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

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

74 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.[75]

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 1July 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.

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

# Shortened forms

| Term | Definition |
|---|---|
| AC | alternating current |
| AEMC | Australian Energy Market Commission |
| AIC | average incremental cost |
| Capex | capital expenditure |
| CCP32 | Consumer Challenge Panel 32 |
| CER | consumer energy resources |
| CPU | CitiPower, Powercor and United Energy |
| DC | direct current |
| DPPC | designated pricing proposal charges |
| EV | electric vehicle |
| HV | high voltage |
| JSA | jurisdictional scheme amount |
| kV | kilovolts |
| kVA | kilovolt-amps |
| kW | kilowatts |
| kWh | kilowatt-hours |
| LRMC | long run marginal cost |
| LV | low voltage |
| MWh | megawatt-hours |
| MVA | megavolt-amps |
| NMI | national metering identifier |
| NEL | National Electricity Law |
| NEO | National Electricity Objective |
| NER | National Electricity Rules |
| NPO | Network Pricing Objective |
| Opex | operating expenditure |
| VEBM | Victorian Emergency Backstop Mechanism |