

Final decision

AusNet Services electricity distribution
determination

1 July 2026 – 30 June 2031

Attachment 15 – Metering services

April 2026

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15 Metering services

This attachment sets out our final decision for the 2026–31 regulatory control period (period) for metering services provided by AusNet. These are alternative control services and additional to the other alternative control services we regulate (ancillary network services and public lighting services which are set out in Attachment 14). We are responsible for setting revenues for these services as they operate under a revenue cap form of control, consistent with our final position in our Framework & Approach paper,¹ and as set out in Attachment 11. We are also responsible for setting price caps for metering exit fees.²

Metering services include maintenance, reading, data services, and the recovery of capital expenditure (capex) related to metering assets. Unlike other jurisdictions in the National Electricity Market (NEM), Victorian distributors are the monopoly providers of most metering services to small customers. In the rest of the NEM metering services are contestable, and distributors are unable to install new meters.

Metering assets are used to measure electrical energy flows at a point in the network to record consumption for the purposes of billing. Not all customers have the same type of meter. There are different types of meters which each measure electricity usage in different ways:³

- Type 1 to 4 meters have a remote communication ability. We refer to these as smart meters.
- Type 5 meters are interval meters and Type 6 meters are accumulation meters. We refer to these as legacy meters, which are being progressively replaced by smart meters.
- Type 7 metering services are unmetered connections with a predictable energy consumption pattern (for example, public lighting connections). Type 7 metering services are fee-based ancillary network services, which are discussed in Attachment 14.
- Type 8 and 8A metering services for secondary settlement points and type 9 metering services for public lighting and other street furniture (e.g., kerbside EV charging) have recently been introduced through the AEMC’s “Unlocking CER benefits through flexible trading” rule change.⁴ Type 9 metering services for public lighting are classified as alternative control – public lighting services,⁵ which is discussed in Attachment 14.

¹ AER, *Final Framework and Approach – Victorian electricity distribution determinations 2026–31*, July 2024, pp. 12–13.

² Metering exit fees recover the written down value, as well as the efficient costs of removing and disposing, of meters. This is discussed in Appendix A, section A.9.

³ AER, *Final Framework and Approach – Victorian electricity distribution determinations 2026–31*, July 2024, pp. 32–33.

⁴ AEMC, *National Electricity Amendment (Unlocking CER benefits through flexible trading) Rule 2024*, August 2024.

⁵ This takes into account that Victorian distributors may be required to provide Type 9 metering services upon request by a public lighting customer in relation to a public lighting asset, pursuant to an Order made under sections 15A and 46D of the Victorian *Electricity Industry Act 2000* as in force from time to time. See Attachment 11 for further detail.

More information in relation to the classification of metering services, including the new Type 9 metering services, can be found in Attachment 11.

Distributors also provide some non-routine metering services which are charged to customers when requested, such as meter disconnection. These non-routine metering services are fee-based ancillary network services, discussed in Attachment 14.

In Victoria, legislation redefines most smart meters as type 5 and 6 meters for the purpose of distributors' provision of metering services.⁶ This means that we consider expenditure related to smart meters as a part of regulated metering services (despite these services being classified as unregulated services).

In this attachment, we:

- Set out our final decision (section 15.1), which draws on the reasons in Appendix A.
- Summarise AusNet's revised proposal (section 15.2).
- Set out the reasons for our final decision (Appendix A).

15.1 Final decision

Our final decision is to not accept AusNet's revised metering proposal for the 2026–31 period as submitted. Our final decision is to:

- Substitute our total annual revenue requirement (ARR) and to apply our smoothing profile. The smoothed ARR reflects mechanical updates to forecast inflation and inputs related to the 2022 rate of return instrument and weighted average cost of capital (WACC), as well as our substituted:
 - Opening metering regulatory asset base (RAB), including revisions to AusNet's historical capex for the 2021–26 period.
 - Forecast metering capex, including revisions to AusNet's forecast volume of new meter installations (growth) and to apply mechanical updates to forecast inflation and labour cost escalation.
 - Forecast metering operating expenditure (opex), including revisions to AusNet's forecast volume of new metering installations (growth) and to apply mechanical updates to forecast inflation and labour cost escalation.
- Substitute our metering exit fee price caps to apply mechanical updates to forecast inflation and inputs related to the 2022 rate of return instrument and WACC, as well as our substituted capex and opex forecasts.

In terms of the smoothed ARR, our final decision is 3.1% lower than what AusNet included in its revised proposal. The reasons for our final decision and each of the above positions are provided at Appendix A.

⁶ Victorian Government, *Order-In-Council, No. S 346*, October 2017, cl. 2(b); Department of Primary Industries, *Minimum AMI Functionality Specification (Victoria) v1.2*, September 2013; Department of Primary Industries, *Minimum AMI Service Levels Specification (Victoria) v1.1*, September 2008.

15.2 Overview of AusNet’s revised proposal

AusNet mostly accepted our draft decision, applying updates to its forecast volume of new meter installations, historical capex and labour cost escalation.⁷ AusNet noted in its revised proposal the expectation that we would update forecast inflation in our final decision.⁸

15.2.1 Metering revenue

AusNet’s revised proposal was for a total ARR for metering services of \$203.2 million (\$2025–26, smoothed) for the 2026–31 period.⁹ This is an increase of \$5.8 million (\$2025–26) or 2.9% from our draft decision total ARR of \$197.4 million (\$2025–26, smoothed) for this period.¹⁰ To determine its proposed revenue requirement, AusNet used the AER’s standardised metering models which apply the building block approach to determine allowable revenue. AusNet’s proposed ARR, and the building blocks that comprise the ARR, are set out in Table 15-1.

We provide the building block and ARR data in Table 15-1 as real \$2025–26 to allow for better comparison to the 2021–26 period. We generally provide this data in \$nominal as we consider it is a better representation of revenues that will be recovered from customers. Data in Appendix A is presented in \$nominal, and proposal data between this table and the appendix tables will differ.

Table 15-1 AusNet’s revised proposal building blocks and ARR (\$million, 2025–26)

Category	2021–26 final decision	2026–31 proposal	2026–31 draft decision	2026–31 revised proposal	Change from draft decision
Return on capital	48.1	33.7	39.4	34.3	-12.9%
Return of capital (regulatory depreciation)	187.2	104.1	90.5	99.2	9.7%
Operating expenditure	96.6	61.9	61.9	62.5	0.9%
Net tax allowance	15.3	5.2	4.1	5.7	39.8%
ARR (unsmoothed)	347.2	204.9	195.9	201.7	3.0%
ARR (smoothed)	347.0	206.1	197.4	203.2	2.9%

Source: AER, *Final Decision – AusNet Services distribution determination – 2021–26 – ACS – Metering – Post-tax revenue model*, April 2021; AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, January 2025; AER, *Metering PTRM – Draft decision – AusNet Services distribution determination 2026–31*,

⁷ AusNet Services, *ASD – AusNet – EDPR Revised Proposal 2026–31*, December 2025, p. 16.

⁸ AusNet Services, *ASD – AusNet – EDPR Revised Proposal 2026–31*, December 2025, p. 16.

⁹ AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, December 2025.

¹⁰ AER, *Metering PTRM – Draft decision – AusNet Services distribution determination 2026–31*, September 2025.

September 2025; AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, December 2025.

15.2.2 Capital expenditure

AusNet’s revised proposal was for a total capex for metering services of \$179.3 million (\$2025–26) in the 2026–31 period.¹¹ This is an increase of \$3.7 million (\$2025–26) or 2.1% from our draft decision total capex of \$175.6 million (\$2025–26) for this period.¹²

Consistent with AusNet’s initial proposal, and our draft decision, the revised proposal capex included expenditure for installations of new meters for customer growth, replacement of meters on fault or failure, installation and replacement of communication equipment to support remote connection to meters, and IT capability to manage metering data.

In addition to these routine expenditures, AusNet’s revised proposal included \$83.2 million (\$2025–26) in the 2026–31 period to proactively replace meters that have reached end of life and are at an increased risk of failure.¹³ This is also consistent with the initial proposal but is a material and new capex category compared to previous regulatory periods, reflecting that this is the first time smart meters have reached their end of life and will need replacement.

The proposed total capex reflected that AusNet accepted the positions in our draft decision, with updates only for its forecast volume of new meter installations (growth) and labour cost escalation. AusNet’s total proposed capex for the 2026–31 period is set out in Table 15-2.

¹¹ AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, December 2025.

¹² AER, *Metering PTRM – Draft decision – AusNet Services distribution determination 2026–31*, September 2025.

¹³ AusNet Services, *ASD – AusNet EDPR 2026–31 – Metering Capex and Opex Model*, December 2025.

Table 15-2 AusNet’s revised proposal capex (\$million, 2025–26)

Category	2021–26 final decision	2026–31 proposal	2026–31 draft decision	2026–31 revised proposal	Change from draft decision
Proactive replacement		97.1	83.0	83.2	0.3%
Growth	50.6	32.4	32.0	35.1	9.7%
Reactive replacement		16.8	16.7	16.8	0.3%
Capitalised overheads		7.2	7.4	7.6	2.3%
Communications	53.1	16.7	16.7	16.7	0.3%
IT	6.7	19.2	15.8	15.9	0.6%
Other	0.3	16.9	16.7	16.8	0.3%
Equity raising costs	0.8	1.0	1.0	1.0	-
Total capex (including SCS allocations)	111.4	207.2	189.3	193.1	2.0%
Total capex (excluding SCS allocations)	102.2	173.5	175.6	179.3	2.1%

Note: In the 2021–26 final decision we did not have separate allowances for growth, reactive replacement and capitalised overheads capex. Categorised expenditure is presented in this table inclusive of expenditure allocated to standard control services (SCS). Some movements may not appear in dollar values due to rounding.

Source: AER, *Final Decision – AusNet Services distribution determination – 2021–26 – ACS – Metering – Capex model*, April 2021; AER, *Final Decision – AusNet Services distribution determination – 2021–26 – ACS – Metering – Post-tax revenue model*, April 2021; AusNet Services, *ASD – AusNet EDPR 2026–31 – Metering Capex and Opex Model*, January 2025; AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, January 2025; AER, *Metering expenditure model – Draft decision – AusNet Services distribution determination 2026–31*, September 2025; AER, *Metering PTRM – Draft decision – AusNet Services distribution determination 2026–31*, September 2025; AusNet Services, *ASD – AusNet EDPR 2026–31 – Metering Capex and Opex Model*, December 2025; AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, December 2025.

15.2.3 Operating expenditure

AusNet’s revised proposal was for total opex for metering services of \$62.5 million (\$2025–26) in the 2026–31 period.¹⁴ This is an increase of \$0.5 million (\$2025–26) or 0.9% from our draft decision total opex of \$61.9 million (\$2025–26) for this period.¹⁵

AusNet developed its opex forecast using the ‘base-step-trend’ method, consistent with the standardised metering models and our standard approach for SCS. AusNet’s revised proposal included a base opex using historical opex (2023–24) with no adjustments, a trend

¹⁴ AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, December 2025.

¹⁵ AER, *Metering PTRM – Draft decision – AusNet Services distribution determination 2026–31*, September 2025.

that included metering growth and real price changes in labour costs, and a step change to fund the roll out of distributed intelligence capabilities from 2028–29.¹⁶

These proposed amounts reflected that AusNet accepted the positions in our draft decision, with updates only for its forecast volume of new meter installations (growth) and labour cost escalation. AusNet’s proposed opex for the 2026–31 period is set out in Table 15-3.

Table 15-3 AusNet’s revised proposal opex (\$million, 2025–26)

Category	2021–26 final decision	2026–31 proposal	2026–31 draft decision	2026–31 revised proposal	Change from draft decision
Base opex	108.3	53.3	52.6	52.8	0.3%
Trend: Output growth		3.9	3.9	4.2	8.8%
Trend: Price growth		2.5	3.1	3.1	0.3%
Total trend	1.7	6.6	7.2	7.6	5.2%
Step change: Distributed Intelligence		1.8	1.8	1.8	2.6%
Total step changes	-13.9	1.8	1.8	1.8	2.6%
Debt raising costs	0.5	0.3	0.3	0.3	-13.0%
Total opex	96.6	61.9	61.9	62.5	0.9%

Note: Trend components will not sum to total trend due to compounding effects. We also did not separately include allowances for these components in our 2021–26 final decision. Some movements may not appear in dollar values due to rounding.

Source: AER, *Final Decision – AusNet Services distribution determination – 2021–26 – ACS – Metering – Opex model*, April 2021; AER, *Final Decision – AusNet Services distribution determination – 2021–26 – ACS – Metering – Post-tax revenue model*, April 2021; AusNet, *ASD – AusNet EDPR 2026–31 – Metering Capex and Opex Model*, January 2025; AusNet, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, January 2025; AER, *Metering expenditure model – Draft decision – AusNet Services distribution determination 2026–31*, September 2025; AER, *Metering PTRM – Draft decision – AusNet Services distribution determination 2026–31*, September 2025; AusNet Services, *ASD – AusNet EDPR 2026–31 – Metering Capex and Opex Model*, December 2025; AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, December 2025.

15.2.4 Stakeholder views

We received one submission on metering in response to AusNet’s revised proposal and our draft decision. This was from Consumer Challenge Panel Sub-Panel CCP32 (CCP32). CCP32 noted that AusNet largely accepted our draft decision and supported AusNet’s acceptance.¹⁷

¹⁶ AusNet Services, *ASD – AusNet EDPR 2026–31 – Metering Capex and Opex Model*, December 2025.

¹⁷ CCP32, *Submission – AusNet electricity distribution proposal 2026–31*, January 2026, pp. 23–24.

15.3 Assessment approach

Metering services are classified as alternative control services in Victoria.¹⁸ The regulatory framework for assessing alternative control services is less prescriptive than for SCS. As such, we have a greater discretion under the National Electricity Rules (NER) in assessing proposals for metering services compared to SCS. However, where possible we seek to apply similar approaches as applied to SCS. In considering AusNet’s revised proposal we have had regard to:

- The application of our standardised metering model templates for metering expenditure, management of the regulated asset base, smoothing of allowed revenues, and setting of price caps where appropriate.
- An assessment of the prudent and efficient costs of providing metering services, having regard to historical expenditure, our previous determinations, benchmarked costs against other distributors, and against independent data and information as relevant.
- The wider regulatory context, including the existence or possibility of competition across metering services provided.
- Consistency of approach with other regulated services, particularly SCS, the current applicable determination, our recent determinations for other networks, and across the current proposals being assessed.
- Stakeholder engagement undertaken on the proposal, stakeholder feedback provided in response to the proposal or our issues papers and if / how it has been incorporated into proposals.
- Any other factors we considered relevant to our assessment.

¹⁸ AER, *Final Framework and Approach – Victorian electricity distribution determinations 2026–31*, July 2024, p. 32.

A Reasons for final decision

A.1 Annual revenue requirement

Our final decision is for a total ARR for metering services of \$212.3 million (\$nominal, smoothed) for AusNet over the 2026–31 period.¹⁹ This is a decrease of \$6.8 million (\$nominal) or 3.1% from AusNet’s revised proposal total ARR of \$219.1 million (\$nominal, smoothed) for this period.²⁰

Our final decision applies a flat real price path for years 2–5 and is done by applying 0% X factors in these years. This is consistent with our draft decision and means that any real price movement is applied in the 2026–27 year. We consider this provides the most certainty for customers and will deliver material real price decreases as soon as possible, including in the context of the impact of the increase of capex for proactive replacements.

Our final decision ARR and X factors are set out in Table A-1.

Table A-1 Final decision metering total ARR (\$million, nominal)

	2026–27	2027–28	2028–29	2029–30	2030–31	Total
Revised proposal – unsmoothed	68.2	37.0	32.8	37.0	41.3	216.3
Revised proposal – smoothed	45.8	44.8	43.8	42.8	41.9	219.1
Revised proposal – X factors	38.0%	4.7%	4.7%	4.7%	4.7%	
Final decision – unsmoothed	63.3	32.3	32.2	37.7	44.0	209.4
Final decision – smoothed	40.3	41.3	42.4	43.5	44.7	212.3
Final decision – X factors	45.5%	-	-	-	-	

Note: A positive X factor reflects a reduction in revenues.

Source: AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, December 2025; AER, *Metering PTRM – Final decision – AusNet Services distribution determination 2026–31*, April 2026.

The AER’s post tax revenue model (PTRM) calculates the ARR for each year of the 2026–31 period. This unsmoothed ARR for each year is then smoothed (as in Table A-1) and is the sum of the building block costs, with smoothed and unsmoothed ARR having the same net present value. Table A-2 shows the component and total building block costs that form the

¹⁹ AER, *Metering PTRM – Final decision – AusNet Services distribution determination 2026–31*, April 2026.

²⁰ AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, December 2025.

ARR and where discussion on the components that drive these costs can be found within this appendix.

Table A-2 Final decision metering building block components and total AAR (unsmoothed, \$million, nominal)

Building block component	Total – revised proposal	Total – final decision	Sections discussed
Return on capital	37.3	44.3	A.3, A.5
Return of capital (regulatory depreciation)	105.5	93.8	A.4, A.5
Operating expenditure	67.7	67.0	A.6
Net tax allowance	5.9	4.2	-
Revenue requirement	216.3	209.4	A.1

Note: Return on and of capital are products of proposed capex, discussed at section A.5.

Source: AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, December 2025; AER, *Metering PTRM – Final decision – AusNet Services distribution determination 2026–31*, April 2026.

A.2 Regulatory asset base

Our final decision accepts AusNet’s revised proposal RAB roll forward and calculation method. However, we substitute values for revised historical inputs, our final decision capex inputs, updated inflation, WACC inputs and other updated inputs related to the rate of return.

The value of the RAB impacts AusNet’s revenue requirement, and the price consumers ultimately pay. All other things being equal, a higher RAB increases both the return on capital and return of capital (depreciation) components of the distribution determination and therefore results in higher prices. Our final decision is set out in Table A-3 and shows a higher closing RAB at the end of the 2026–31 period compared to AusNet’s revised proposal. This reflects that our final decision includes changes to actual 2021–26 capex in the roll forward model (RFM), changing the makeup of the RAB across asset classes, which are depreciated differently over the 2021–26 and 2026–31 periods. This takes into account updated information AusNet provided after its revised proposal, as set out below.

Table A-3 Final decision summary of metering asset roll forward (\$million, nominal)

Summary of asset roll forward	Revised proposal	Final decision
Opening RAB on 1 July 2026	119.4	131.0
Net capex	200.3	195.3
Regulatory depreciation	-120.9	-111.8
Inflation on opening RAB	15.5	18.0
Forecast closing RAB on 30 June 2031	214.2	232.4

Source: AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, December 2025; AER, *Metering PTRM – Final decision – AusNet Services distribution determination 2026–31*, April 2026.

We used the RFM to roll forward AusNet’s RAB from the 2021–26 period to arrive at an opening RAB value as of 1 July 2026. This included application of a bespoke RFM template to factor in the transition to financial year regulation which occurred in 2021. The roll-forward calculation accounts for inflation, the WACC, actual net capex and actual depreciation.

In our draft decision we had difficulty reconciling historical capex amounts in the RFM with capex amounts reported by distributors in their regulatory information notices (RINs). Our draft decision used placeholder historical capex amounts, requesting distributors to reconcile and update in their revised proposals.²¹

AusNet’s revised proposal reinstated historical capex amounts that were provided in the original proposal RFM. In response to an information request, AusNet provided an updated RFM.²² This resubmitted RFM amended historical capex to correctly allocate amounts to the respective asset classes and corrected double counting of lease capex in 2021–22. We reviewed the resubmitted RFM, and the supporting information, and consider the approach used by AusNet in relation to the allocation of historical capex to asset classes, and the reconciliation of these costs to those in the RINs, is reasonable. This is because it reconciles with audited aggregate capex amounts in the RINs and reflects the expected apportionment across different asset classes based on allowed expenditure.

In the 2026–31 period we expect distributors to report actual metering capex by purpose in the new annual orders in a way that can be reconciled against future RFMs.²³ We expect this will be disaggregated to meter, communications and IT components as a minimum. Where possible this should be disaggregated further at the meter component by purpose to align with categories of capex considered in this final decision (e.g., proactive replacement, reactive replacement, customer-initiated replacement, etc.). We will engage further through the next revision process for the annual information order response template.

The opening RAB at the beginning of the 2026–31 period may also be adjusted to reflect any changes in the use of the assets, with only assets used to provide metering services to be included in the RAB. No such adjustments have been made for the 2026–31 period.

The PTRM used to calculate the ARR for the 2026–31 period generally adopts the same RAB roll-forward approach as the RFM, with the forward-looking annual adjustments to the RAB being based on forecasts. These will then be updated for actual amounts in the RFM as a part of our assessment for the 2031–36 period.

A.3 Rate of return

Our final decision on metering services applies the same rate of return (WACC) as applied throughout our determination, as set out in section 2.2 of the Overview to this final decision. This states that the final decision uses the 2022 rate of return instrument. This includes updated rates for return on debt, inflation, and equity raising costs.

²¹ AER, *Attachment 15 – Metering services – Draft decision – AusNet Services distribution determination 2026–31*, September 2025, p. 9.

²² AusNet Services, *Information request – IR094 – Metering Capital expenditure*, March 2026, Q4.

²³ AER, *DNISP – Annual Order 2024–25 – Data submission workbook*, January 2025, Table 8.2.3.

A.4 Regulatory depreciation

Our final decision accepts AusNet’s proposed straight-line depreciation approach, with substitute values for corrected historical inputs, our final decision capex inputs, updated inflation, WACC inputs, and other updated inputs related to the rate of return. This includes the application of our standardised RFM, PTRM, and depreciation tracking model templates.

A.5 Capital expenditure

Our final decision is for a total capex for metering services of \$174.5 million (\$2025–26) for AusNet over the 2026–31 period.²⁴ This is a decrease of \$4.8 million (\$2025–26) or 2.7% from AusNet’s revised proposal total capex of \$179.3 million (\$2025–26) for this period.²⁵ Our final decision capex for the 2026–31 period is set out in Table A-4, along with a comparison against AusNet’s revised proposal capex for that period.

Our final decision largely accepts AusNet’s revised proposal capex, substituting values for a lower forecast volume of new meter installations (growth), updated inflation and labour cost escalators.

Our final decision rejects AusNet’s revised proposal growth capex. AusNet’s revised forecast volume of meter installations (growth) reflects a higher customer growth rate of 2.3% than we accepted in our draft decision (2.1%).²⁶ In response to an information request AusNet indicated that a modelling error regarding its historical customer numbers had overstated its customer number forecasts.²⁷ As a result, our final decision is to apply an alternate forecast volume of meter installations in line with the growth rate of 2.0% considered reasonable for SCS in Attachment 3.

Our draft decision provides detail on our consideration of other areas of AusNet’s proposed capex, including the proposed proactive replacement program.²⁸

²⁴ AER, *Metering expenditure model – Final decision – AusNet Services distribution determination 2026–31*, April 2026.

²⁵ AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering Capex and Opex Model*, December 2025.

²⁶ AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering Capex and Opex Model*, December 2025; AER, *Attachment 15 – Metering services – Draft decision – AusNet Services distribution determination 2026–31*, September 2025, p. 16.

²⁷ AusNet Services, *Information request – IR076 – Demand Forecast*, February 2026, Q3, Q4.

²⁸ AER, *Attachment 15 – Metering services – Draft decision – AusNet Services distribution determination 2026–31*, September 2025, pp. 10–21.

Table A-4 Final decision capex (\$million, 2025–26)

Category	2026–31 revised proposal	2026–31 final decision	Change from revised proposal	Final decision proportion of total capex
Proactive replacement	83.2	83.3	0.1%	44.2%
Growth	35.1	30.4	-13.4%	16.1%
Reactive replacement	16.8	16.8	0.1%	8.9%
Capitalised overheads	7.6	7.4	-3.0%	3.9%
Communications	16.7	16.8	0.2%	8.9%
IT	15.9	15.9	0.0%	8.5%
Other	16.8	16.8	0.2%	8.9%
Equity raising costs	1.0	1.0	-	0.5%
Total capex (including SCS allocations)	193.1	188.3	-2.5%	
Total capex (excluding SCS allocations)	179.3	174.5	-2.7%	

Note: Categorised expenditure is presented in this table inclusive of expenditure allocated to SCS. Some movements may not appear in dollar values due to rounding.

Source: AusNet Services, *ASD – AusNet EDPR 2026–31 – Metering Capex and Opex Model*, December 2025; AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, December 2025; AER, *Metering expenditure model – Final decision – AusNet Services distribution determination 2026–31*, April 2026; AER, *Metering PTRM – Final decision – AusNet Services distribution determination 2026–31*, April 2026.

A.6 Operating expenditure

Our final decision is for total opex for metering services of \$61.9 million (\$2025–26) for AusNet over the 2026–31 period.²⁹ This is a decrease of \$0.6 million (\$2025–26) or 0.9% from AusNet’s revised proposal total opex of \$62.5 million (\$2025–26).³⁰ This reflects the base-step-trend estimate provided by AusNet adjusted for our revised forecast volumes of meter installations (growth) and updates to inflation and labour cost escalation. Our final decision opex is set out in Table A-5 and we discuss each of the base, trend and step components in the following sections.

²⁹ AER, *Metering PTRM – Final decision – AusNet Services distribution determination 2026–31*, April 2026.

³⁰ AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, January 2025.

Table A-5 Final decision opex (\$million, 2025–26)

Category	2026–31 revised proposal	2026–31 final decision	Change from revised proposal	Final decision proportion of total opex
Base opex	52.8	52.9	0.3%	85.6%
Trend: Output growth	4.2	3.7	-10.9%	6.1%
Trend: Price growth	3.1	2.9	-7.3%	4.6%
Total trend	7.6	6.8	-9.7%	11.0%
Step change: Distributed intelligence	1.8	1.8	-3.7%	2.8%
Total step changes	1.8	1.8	-3.7%	2.8%
Debt raising costs	0.3	0.3	16.2%	0.5%
Total opex	62.5	61.9	-0.9%	

Note: Some movements may not appear in dollar values due to rounding.

Source: AusNet Services, *ASD – AusNet EDPR 2026–31 – Metering Capex and Opex Model*, December 2025; AusNet Services, *ASD – AusNet EDPR 2026–31 – ACS – Metering PTRM Model*, December 2025; AER, *Metering expenditure model – Final decision – AusNet Services distribution determination 2026–31*, April 2026; AER, *Metering PTRM – Final decision – AusNet Services 2026–31 Distribution determination revenue proposal*, April 2026.

A.6.1 Base opex

If we find the distributor is operating efficiently, our preferred methodology is to use the distributor’s historical or 'revealed' costs in a recent year as a starting point for our opex forecast.

In its revised proposal AusNet maintained 2023–24 opex as the base year as in its initial proposal. Its actual opex in 2023–24 was lower than opex in previous years and lower than allowed for in the 2021–26 period.³¹ Actual opex for 2024–25 was materially higher and off-trend. We consider that 2023–24 is an appropriate base year for our final decision as it best represents the ongoing efficient level of opex and have accepted AusNet’s proposed base year and the actual opex in that year. No adjustments to the base were proposed.³²

A.6.2 Rate of change (trend)

We trend the adjusted base opex forward by applying our forecast 'rate of change'. We estimate the rate of change by forecasting the expected growth in input prices and outputs.

Our final decision applies labour cost escalators consistent with SCS to forecast the expected growth in input prices. For more information, see Attachment 3.

³¹ AusNet Services, *ASD – AusNet – EDPR 2026–2031 Regulatory Proposal*, January 2025, pp. 353–354.

³² AusNet Services, *ASD – AusNet – EDPR 2026–2031 Regulatory Proposal*, January 2025, p. 354.

Our final decision also applies revised forecast volumes of meter installations to calculate the expected growth in outputs.³³ This reflects the revised forecast volumes of meter installations applied for metering capex (section A.5), as well as SCS opex (Attachment 3).

A.6.3 Step changes

Lastly, we add or subtract any components of opex that are not appropriately compensated for in base opex or the rate of change, but which should be included in the forecast total opex to ensure prudent and efficient costs are recovered.

Our final decision accepts the distributed intelligence step change in AusNet’s revised proposal, varying only as a result of our revised forecast volumes of meter installations (growth). Our more detailed consideration of this step change is available in our draft decision.³⁴

A.7 Expenditure allocated to SCS

Our final decision accepts the allocations of metering expenditure to SCS in AusNet’s revised proposal.³⁵ These allocations are unchanged from our draft decision.³⁶

A.8 Pricing strategy

Our final decision accepts AusNet’s revised proposal to price legacy meters by escalating from its current prices by CPI. That is, the reductions in the metering services ARR will be delivered only to those with smart meters, and not to those who still have legacy meters, despite prices for both contributing to the ARR.³⁷ This is unchanged from our draft decision.³⁸

A.9 Metering exit fees

Metering exit fees allow AusNet to recover the written down value of meters, as well as the efficient costs of removal and disposal. An example of where these fees may occur is when an existing site with multiple meters, such as an apartment building, becomes an embedded network, resulting in the removal of existing meters from the RAB.

Our draft decision accepted AusNet’s proposed approach to setting these price-capped fees, using the calculation of the RAB and the building blocks for metering services ARR, in line

³³ AER, *Metering expenditure model – Final decision – AusNet Services distribution determination 2026–31*, April 2026.

³⁴ AER, *Attachment 15 – Metering services – Draft decision – AusNet Services distribution determination 2026–31*, September 2025, p. 23.

³⁵ AER, *Metering expenditure model – Final decision – AusNet Services distribution determination 2026–31*, April 2026; AusNet Services, *ASD – AusNet EDPR 2026–31 – Metering Capex and Opex Model*, December 2025.

³⁶ AER, *Attachment 15 – Metering services – Draft decision – AusNet Services distribution determination 2026–31*, September 2025, p. 24.

³⁷ AusNet Services, *ASD – AusNet – EDPR 2026 – 2031 Regulatory Proposal*, January 2025, pp. 350, 357–358.

³⁸ AER, *Attachment 15 – Metering services – Draft decision – AusNet Services distribution determination 2026–31*, September 2025, pp. 24–25.

with the historical approach and the standardised metering pricing model template.³⁹ Our final decision updates the revised proposal exit fees in line with our updates on the building block components for the metering services ARR as set out in the previous sections.

The price caps applicable in the first year of the 2026–31 period, as well as the X factors to escalate those prices in subsequent years, are set out in Table A-6. These X factors are calculated based on the real difference between the calculated price caps for each year, based on the RAB and building blocks for metering services. Increases are represented by negative X factors, and decreases represented by positive X factors, as the price cap is escalated using the CPI-X form.

Table A-6 Final decision metering exit fee year 1 price caps (\$2025–26) and year 2–5 X factors

Category	2026–27 price cap	2027–28 X factor	2028–29 X factor	2029–30 X factor	2030–31 X factor
Single phase meter	210.62	7.8%	-5.0%	-11.9%	-13.2%
Single phase two element with contactor	216.46	8.0%	-5.1%	-12.2%	-13.5%
Multiphase	240.21	8.7%	-5.4%	-13.3%	-14.6%
Multiphase CT connected	391.71	11.4%	-6.1%	-16.7%	-17.6%

Source: AER, *Metering pricing model – Final decision – AusNet Services 2026–31 Distribution determination revenue proposal*, April 2026.

The price path over the 2026–31 period reflects the increases in the RAB from 2028–29 onwards, that result from the proactive replacement program.

Our draft decision raised concern that the price paths for exit fees, where there is expected increases over the coming 2026–31 period and beyond, may incentivise exiting activities. AusNet and CPU responded to our concern in their revised proposals. AusNet noted that it considers that the Victorian AMI orders do not allow small customers to replace relevant metering installations with a contestable meter in most circumstances and therefore smoothing of exit fee prices is not necessary as there is no risk of incentive.⁴⁰ CPU noted that increases in meter exit fees in line with RAB increases are appropriate.⁴¹ Jemena’s revised proposal did not address this concern but accepted the price path of the draft decision. No stakeholder submissions were received in relation to metering exit fees. As such, our final decision has retained the approach of unsmoothed exit fees.

³⁹ AER, *Attachment 15 – Metering services – Draft decision – AusNet Services distribution determination 2026–31*, September 2025, pp. 25–26.

⁴⁰ AusNet Services, *ASD – AusNet – EDPR Revised Proposal 2026–31*, December 2025, p.274.

⁴¹ CitiPower, *CitiPower Revised Proposal 2026–31 – Revenue and expenditure forecasts*, December 2025, p. 64; Powercor, *Powercor Revised Proposal 2026–31 – Revenue and expenditure forecasts*, December 2025, p. 77; United Energy, *United Energy Revised Proposal 2026–31 – Revenue and expenditure forecasts*, December 2025, p. 59.

A.10 Cost pass through mechanism

Our draft decision proposed a cost pass through mechanism to account for uncertainty around future metering expenditure in light of new technologies and legislation. The Victorian distributors' supported this proposed mechanism in their revised proposals either explicitly (Jemena), or implicitly through acceptance of our proposed control mechanisms (AusNet, CPU).⁴² Our final decision on this mechanism is set out with the control mechanisms for metering services in Attachment 12.

⁴² AusNet Services, *ASD – EDPR Revised Proposal 2026–31*, December 2025, pp.301–302; CitiPower, *CitiPower Revised Proposal 2026–31 – Revenue and expenditure forecasts*, December 2025, p. 63; Jemena, *JEN – RP – Att 10-01 Advanced Metering Infrastructure – revised*, December 2025 pp. 26; Powercor, *Powercor Revised Proposal 2026–31 – Revenue and expenditure forecasts*, December 2025, p. 76; United Energy, *United Energy Revised Proposal 2026–31 – Revenue and expenditure forecasts*, December 2025, p. 59.

Shortened forms

Term	Definition
2026–31 period	2026–31 regulatory control period
ARR	Annual revenue requirement
AusNet	AusNet Services
Capex	Capital expenditure
CPI	Consumer price index
CPU	CitiPower, Powercor, and United Energy
IT	Information technology
NEM	National Electricity Market
NER	National Electricity Rules
NPV	Net present value
Opex	Operating expenditure
PTRM	Post tax revenue model
RAB	Regulatory asset base
RFM	Roll forward model
RIN	Regulatory information notice
SCS	Standard control services
WACC	Weighted average cost of capital