Jemena Electricity Networks (Vic) Ltd

Statement of Compliance

Annual pricing proposal

Table of Contents

1. Introduction

This statement of compliance as well as the standardised SCS and ACS pricing models form Jemena Electricity Networks (Vic) Ltd's (**JEN**) pricing proposal for 2026-27. Any references to JEN's customers refer to retail customers, consistent with the National Electricity (Victoria) Act 2005.[1] Supporting attachments for this proposal are listed in Table 1–1 below.

Table 1–1: JEN 2026-27 pricing proposal submission document suite

Document	Title
Proposal	JEN - 2026-27 Pricing proposal
Attachment 1	JEN - 2026-27 Statement of compliance
Attachment 2	JEN - 2026-27 SCS pricing model (public and confidential)
Attachment 3	JEN - 2026-27 Network tariff schedule
Attachment 4	JEN - 2026-27 Schedule of services - Alternative control and public lighting
Attachment 5	JEN - 2026-27 TUOS letter
Attachment 6	JEN - 2026-27 TUOS charges
Attachment 7	JEN - AEMO invoice for South Morang terminal station
Attachment 8	JEN - Actual and indicative AusNet charges
Attachment 9	JEN - Costs of service confirmation
Attachment 10	JEN - 2023-24 F factor fire start template
Attachment 11	JEN - 2025-26 ESV levy invoice
Attachment 12	JEN - 2024-25 ESC license fee
Attachment 13	JEN - 2026-27 Confidentiality template

[1] National Electricity (Victoria) Act 2005, Authorised Version No. 038, 12 March 2026.

2. Volume forecasts

In December 2025, JEN submitted its revised regulatory proposal to the AER to determine JEN's regulatory allowance for the 2026-31 regulatory period.[2] As part of this revised proposal, JEN submitted an independent network-level demand forecast developed by Blunomy.

Blunomy's forecasting approach relies on Australian Energy Market Operator's (**AEMO**) inputs, including the Electricity Statement of Opportunities and 2025 Inputs Assumptions and Scenarios Report scenarios. The forecast is used consistently across both top-down system demand and bottom-up augmentation planning.

Blunomy's approach also explicitly modelled consumer energy resources, including behind-the-meter solar PV and storage, within its demand forecast framework. Blunomy's methodology produced energy forecasts by tariff class, with energy efficiency modelled in aggregate, ensuring consistency at the system level.[3]

Our 2026-27 volume forecasting methodology takes the volume forecast we submitted to the AER as part of our revised proposal price reset submission—based on Blunomy's forecasting approach summarised above—and updates for more up-to-date historical actual data. These updates result in changes to our 2025-26 estimated and 2026-27 forecast data. JEN has provided quantity forecasts for standard control services in the 'Qty forecasts' sheet of the SCS pricing model.[4]

2 JEN, 2026-31 revised regulatory proposal, December 2025.

3 JEN, 2026-31 revised regulatory proposal, Short form demand forecast methodology, December 2025.

4 JEN, 2026-27 Annual SCS pricing model, 24 April 2026.

3. Tariffs and tariff classes

3.1 Standard control services

The 'Tariff schedule' sheet of the SCS pricing model sets out the proposed 2026-27 prices for standard control services[5], consistent with those specified in JEN's 2026-31 Tariff structure statement (**TSS**).[6] Table 3–1 below provides a summary of each charging parameter:

Table 3–1: JEN charging parameters

Charging parameter	Unit	Explanation
Fixed charge	$/year	A fixed charge is applied to all of our customers and helps to recover our fixed network costs.
Single-rate consumption unit rate	c/kWh	This charge applies to our residential and small to medium business customers on single-rate tariffs.
Peak and off-peak consumption unit rates	c/kWh	The price is higher for consuming electricity during network peak demand times and lower outside of peak times. Peak and off-peak tariff components apply to all customers who do not have single-rate tariffs.
Solar soak period consumption unit rate	c/kWh	The price is lower than the off-peak price to incentivise electricity consumption during the 'solar soak' period (11 am to 4 pm) when there is excess energy generation from solar PV in the network. This cheaper solar soak consumption price is being introduced in the 2026-31 regulatory period and only applies to our new default residential time-of-use tariff (A130) and our opt-in export tariff.
Peak export reward and solar soak export charge	c/kWh	Exporting energy during the network's peak period will provide a credit, while exporting during the solar soak period will result in an export charge (subject to the basic export level (**BEL**)). These components only apply to our opt-in residential customer export tariff (A10E). The BEL is set at 1 kWh per customer per day during the solar soak period.
Demand rate	$/kW/year	Based on the maximum demand (rate of consumption of electricity) during peak times. This charge applies to small and medium business customers who are on demand tariffs.
Annual demand charge	$/kVA/year	Based on the maximum demand (rate of consumption of electricity) during peak times. This charge applies to our large business customers.

5 JEN, 2026-27 SCS pricing model, 'Tariff schedule', 24 April 2026.

6 JEN, 2026-31 Revised tariff structure statement, 1 December 2025.

Summer demand incentive charge (**SDIC**)	c/kVA/day	A demand charge levied during the evening peak (4 pm to 7 pm). This applies to all of our large business customers during the period in which our distribution network is used the most, which is usually the hottest months of the year, December to March. It aims to incentivise large customers to reduce their demand during peak network times and so minimise their contribution to network peak events.

The expected weighted average revenue for each tariff class for the current and forecast years is demonstrated in output table 5 of the SCS pricing model.[7] The expected total revenue for each tariff class does not exceed the revenue allowance from the AER's 2026-31 final decision. This is demonstrated in compliance table 1 of the SCS pricing model.[8] As 2026-27 is the first year in the regulatory period, the side constraints (NER clause 6.18.6) do not apply.[9]

3.2 Alternative control services

The AER's final decision ACS pricing model and ACS public lighting model set out the proposed 2026-27 prices for alternative control services. JEN will offer the same list of services for metering, public lighting, and ancillary network services as approved in the AER's final decision for alternative control services[10] and metering.[11] The list of services for metering, public lighting, and fee-based services is provided in the ACS pricing model. Quoted services are provided in line with the approved control mechanism formula[12] using the applicable labour rates in the ACS pricing model.

3.3 Tariff variations

We are not anticipating variations or adjustments to our tariff prices, tariff class or charging parameters during the course of the 2026-27 regulatory year.

3.4 Sub-threshold tariffs

JEN is proposing two sub-threshold tariffs for the 2026-27 regulatory year:

- Kerbside EV charging trial tariff (A20E)
- High-voltage large business storage trial tariff (A40B).

JEN notified the AER of these sub-threshold tariffs as part of the TSS submitted to the AER in December 2025.[13] These are available on the AER website.

Each sub-threshold tariff has a forecast revenue that is less than 1 per cent of total allowable revenue and all sub-threshold tariffs have a combined forecast revenue of less than 5 per cent of total allowable revenue. This is demonstrated in compliance table 4 of the SCS pricing model.[14]

7 JEN, 2026-27 Annual SCS pricing model, 'Tables', 24 April 2026.

8 JEN, 2026-27 Annual SCS pricing model, 'Compliance', 24 April 2026.

9 AER, Final decision - AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31, Attachment 12 - Control mechanisms, p. 24.

10 AER, Final decision - Jemena distribution determination 2026-31, Attachment 14 - Alternative control services.

11 AER, Final decision - Jemena distribution determination 2026-31, Attachment 15 - Metering services.

12 AER, Final decision - AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31, Attachment 12 - Control mechanisms, p. 21.

13 JEN, 2026-31 Revised tariff structure statement, Appendix B - Trial tariff notification templates, 1 December 2025.

14 JEN, 2026-27 Annual SCS pricing model, 'Compliance', 24 April 2026.

4. Pricing principles

The revenue expected to be recovered from each tariff class lies on or between an upper bound representing the stand-alone cost of serving the retail customers who belong to that class and a lower bound representing the avoidable cost of not serving those retail customers. This is demonstrated in compliance table 5 of the SCS pricing model.[15] These bounds were calculated as part of our 2026-31 tariff structure statement (**TSS**).[16] The long-run marginal costs were also estimated as part of our 2026-31 TSS.[17]

To estimate the avoidable costs for each of the tariff classes on our network, we undertake the following steps:

- Determine for each of the categories of operating and capital expenditure the proportion of costs that are incurred directly by customers using our network, i.e., whether these costs would not be incurred if the tariff class were no longer supplied.
- Determine the underlying driver of these avoidable costs, i.e., whether these costs are driven by:
  - the energy served for each tariff class; for example, the amount of maintenance expenditure that we incur is directly affected by customer consumption on the network and the assets required to serve this consumption or
  - the number of customers in each tariff class; for example, the cost required to operate our call centre is determined by the number of customers on the network, rather than the consumption on the network itself.
- Allocate avoidable costs to each tariff class in the proportion of energy served or customer numbers, as relevant.

To estimate the stand-alone costs for each tariff class, we:

- Estimate those costs that we consider to be non-avoidable, i.e., those not included in the avoidable cost calculations
- Determine the extent of these costs that would be required to serve each tariff class as a stand-alone network; for example, subtransmission customers do not require the low voltage network, and
- Add these costs onto the avoidable costs for each tariff class to determine the total cost of serving each network on an individual basis.

The sum of the revenue expected to be recovered from each tariff allows JEN to recover the expected revenue for the relevant services in accordance with the determination. This is demonstrated in compliance table 1 of the SCS pricing model.[18]

[15] JEN, 2026-27 Annual SCS pricing model, 'Compliance', 24 April 2026.

[16] JEN, Revised tariff structure statement for the 2026-31 regulatory period, April 2026, p. 11.

[17] JEN, Revised tariff structure statement for the 2026-31 regulatory period, April 2026, p, 8.

[18] JEN, 2026-27 Annual SCS pricing model, 'Compliance', 24 April 2026.

5. Indicative prices

Indicative 2026-27 network use of system (**NUOS**) prices from JEN's revised proposal price reset submission are provided in input tables 29 and 30 of the SCS pricing model.[19] Indicative prices for sub-threshold tariffs based on JEN's revised proposal submission are provided in input table 32 of the SCS pricing model.[20] Prices for alternative control services are provided in the AER's final decision ACS pricing model and ACS public lighting model.

We have provided revised indicative tariff prices[21] and sub-threshold tariff prices[22] for the remaining years of the regulatory period based on the AER's final decision forecast inflation and X factors.[23]

JEN's proposed SCS prices are different to the corresponding indicative prices submitted as part of JEN's revised proposal mainly due to the building block revenue difference between JEN's revised proposal and the AER's placeholder final decision. This is demonstrated in compliance tables 6 and 7 of the SCS pricing model.[24] Brief notes have been written in the 'Price comp. ind.' sheet explaining the reasons for any material differences.

19 JEN, 2026-27 Annual SCS pricing model, 'Indicative prices', 24 April 2026.

20 JEN, 2026-27 Annual SCS pricing model, 'Trial tariffs', 24 April 2026.

21 Consistent with NER clause 6.18.2(d).

22 Consistent with NER clause 6.18.2(e).

23 AER, PTRM - Final decision - Jemena distribution determination 2026-31, April 2026.

24 JEN, 2026-27 Annual SCS pricing model, 'Price comp. ind.', 24 April 2026.

6. Tariff components

6.1 Standard Control Service charges

Tariffs designed to pass on standard control service (**SCS**) or distribution use of system (**DUoS**) charges are available in the 'Tariff schedule' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of distributed use of system charges adjusted for over or under-recovery. This is demonstrated in output table 6 of the SCS pricing model.[25] The over or under-recovery amount is calculated in a manner consistent with the AER's final decision for control mechanisms.[26]

Since 2023-24, JEN has been allowed to claim funds not paid to us as a result of Retailer of Last Resort (**RoLR**) events, in which a retailer stops being solvent. We calculate the amount of owed funds by obtaining the GST-exclusive totals from unpaid invoices and network billing files. For 2026-27, JEN did not have any applicable RoLR events.

Other adjustments to our SCS charges include the fire factor scheme,[27] which is calculated through an AER-provided model, the Essential Services Commission (**ESC**) licence fee, which is escalated by two years of nominal vanilla Weighted Average Cost of Capital (**WACC**), and the Service Target Performance Incentive Scheme (**STPIS**).

6.2 Designated Pricing Proposal Charges

Tariffs designed to pass on designated pricing proposal charges (**DPPC**) are available in the 'Tariff schedule' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of designated pricing proposal charges adjusted for over or under-recovery. This is demonstrated in output table 6 of the SCS pricing model. The over or under-recovery amount is calculated in a manner consistent with the AER's final decision for control mechanisms[28] and is compliant with the NER.

Our approach to the DPPC forecast is to pass through our AEMO and AusNet expenditure. We have received only indicative pricing from AusNet before our submission date. Embedded generation is estimated from historical actuals. Our forecast of cross-boundary revenue is netted out with cross-boundary expenditure in the 2026-27 annual SCS pricing model.[29] Our AEMO expenditure estimate varies slightly from the AEMO charges, which is the annual expenditure associated with the South Morang terminal station as verified through AEMO monthly invoices for South Morang.[30]

6.3 System strength charges

JEN is not planning to pass through system strength charges for system strength connection points for the 2026-27 period. If system strength charges arise, JEN will pass through these charges in accordance with NER clauses 6.20.3A(a). JEN will bill Distribution Network Users, identifying the relevant system strength connection points and providing other information required by the Distribution Network Users to verify the charges. The bills will be on a pass-through basis, and replicate as far as is reasonably possible the amount, structure and timing of the corresponding system strength charges billed to us by the relevant System Strength Service Provider (AEMO or AusNet).

25 JEN, 2026-27 Annual SCS pricing model, 'Tables', 24 April 2026.

26 AER, Final decision - AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31, Attachment 12 - Control mechanisms, Appendix B.

27 JEN, 2023-24 factor fire start template, 24 April 2026.

28 AER, Final decision - AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31, Attachment 12 - Control mechanisms, Appendix B.

29 JEN, 2026-27 Annual SCS pricing model, 'Input|Financial', 24 April 2026.

30 JEN, 2026-27 AEMO invoice for South Morang terminal station, 24 April 2026.

6.4 Jurisdictional Scheme Amounts

JEN's jurisdictional schemes have not been amended since the last jurisdictional scheme approval date. Following the AER's decision on 19 July 2024,[31] we have removed the ESC licence fee amount from our B factor calculation and treated this amount as a jurisdictional scheme amount, and we will continue to adopt this approach in future annual pricing proposals.

Tariffs designed to pass on jurisdictional scheme pass-through amounts (or refunds where applicable) are available in the 'Tariff schedule' sheet of the SCS pricing model. The revenue expected to be recovered from these tariffs does not exceed the estimated amount of jurisdictional scheme amounts adjusted for over or under-recovery. This is demonstrated in output table 6 of the SCS pricing model.[32] The over or under-recovery amount is calculated in a manner consistent with the AER's final decision for control mechanisms[33] and is compliant with the NER.

31 AER, Jurisdictional scheme determination - Licence fees payable under the Electricity Industry Act 2000 (Vic), July 2024.

32 JEN, 2026-27 Annual SCS pricing model, 'Tables', 24 April 2026.

33 AER, Final decision - AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31, Attachment 12 - Control mechanisms, Appendix B.

7. Compliance

7.1 Compliance with the determination

Our tariff assignment policy and the methodology in which we review and assess the basis on which a customer is charged are outlined in our TSS[34] and are compliant with the NER.[35]

We also confirm that we are complying with the TSS where we have committed to increasing cost-reflectivity for large customers, improving cost-reflectivity by rebalancing the recovery of costs towards fixed charges, and making time-of-use (**ToU**) tariffs cheaper than single-rate tariffs. Our proposed ToU to single-rate discount for residential customers is shown in Table 7–1 below.

There are no other material changes that should be brought to the attention of the AER.

Table 7–1: ToU to single-rate discount for an average residential customer

Tariff	Proposed 2026-27 bill ($, nominal)	Discount (%)
A100 - Single rate	$458.33	-
A130 - Daytime saver	$414.71	10%

Note: For an average residential customer consuming 4,500 kWh per annum.

7.2 Compliance table

Table 7–2: Compliance table

Rule reference	Section reference
6.18.2(a)	Chapter 1 - Introduction
6.18.8(a)(3)	Chapter 2 - Demand forecasts
6.18.2(b)(2) 6.18.2(b)(3) 6.18.2(b)(4) 6.18.2(b)(5) 6.18.6 6.18.1C and 11.141.8	Chapter 3 - Tariffs
6.18.5(e) 6.18.5(f) 6.18.5(g)(2)	Chapter 4 - Pricing principles
6.18.2(d) 6.18.2(e) 6.18.2(b)(7A)	Chapter 5 - Indicative prices
6.18.2(b)(6) 6.18.2(b)(6A) 6.18.2(b)(6B) 6.18.2(b)(6C) 6.18.7 and 6.18.7A	Chapter 6 - Tariff components

[34] JEN, 2026-31 Tariff Structure Statement explanatory statement, Attachment 09-02, Appendix B - Tariff assignment and reassignment policy, December 2025.

[35] JEN, 2026-31 Tariff Structure Statement, Attachment 09-01, April 2026.

6.18.3 6.18.4 6.18.2(b)(7) 6.18.2(b)(8)	Chapter 7 - Compliance

I, *Sandeep Kumar, Group Manager Regulatory Analysis, Pricing and Strategy*, confirm that the above statements are true and correct.

7 May 2026

[signature] *[date]*