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Dear Kris

AusNet request to replace the Framework and Approach

AusNet Electricity Services Pty Ltd (**AusNet**) would like to request that the Australian Energy Regulator (**AER**) develop a replacement Framework and Approach (**F&A**) to apply in the forthcoming 2026-31 regulatory control period.

Since the publication of our 2021-26 F&A paper in July 2018, the expectations of our customers and needs of the market have evolved significantly as part of the current energy transition, as has the regulatory framework under which we operate. As providers of essential electricity services, we need to adapt to these changing needs.

In developing our F&A proposal, together with the other four Victorian electricity distributors, we engaged extensively with our key stakeholders to better understand whether the energy transition is creating gaps in the services electricity distributors provide, and how updating the F&A can help address those gaps. Our proposed F&A update includes new services discussed at these workshops and supported by participants from these workshops. It also includes new services and incentives schemes resulting from changes to the regulatory framework.

Our attached F&A update proposal to the AER addressed the following key themes:

- outcomes of our stakeholder engagement undertaken collectively by the 5 Victorian electricity distributors and with our own Electricity Distribution Price Review (**EDRP**) dedicated panel;
- the forms of control that apply to our services;
- the application of incentive schemes, including the introduction of Export Service Incentive Scheme;
- the approach to depreciation to set the opening regulatory asset base; and
- new services, including the proposed introduction of Essential System Services.

We would be happy to meet with AER staff to further discuss our letter and attached submission.

If you have any queries on our submission, please do not hesitate to contact.

Yours sincerely



Charlotte Eddy
General Manager Regulation and Policy (Distribution)
AusNet

Victorian Electricity Distribution Determination 2026-31

Request to replace our Framework and Approach

Tuesday, 31 October 2023



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1. Introduction

In accordance with Clause 6.8.1(c)(1) National Electricity Rules (**NER**), the Framework and Approach is the first step in developing our 2026-31 regulatory proposal, setting out how:

- our distribution services (including new services) will be classified, either standard control services standard control services (**SCS**) or alternative control services (**ACS**);
- revenue and prices will be set (the forms of control);
- incentive schemes will be applied;
- depreciation sets the opening regulatory asset base; and
- other factors in revenue determination, such as approach to tax and margin for quoted ACS fees.

These obligations require us to lodge a request to amend or replace the F&A with the AER at least 32 months prior to the end of the current regulatory period, including our reasons for any proposed change. This document seeks to describe our proposed F&A replacement, justifies the changes, and explains how it is different from the current period's F&A. The lodgement of our request to replace the F&A, comes after joint Victorian electricity distributor engagement with our customers and stakeholders at two forums, and is the start of our formal consultation process with the AER. By July 2024 we will have a final F&A that will form the basis for our 2026-31 regulatory submissions.

Figure 1: Timeline for engagement, submission and determinations



The regulatory changes since AusNet's current F&A decision include:

- Australian Energy Market Commission's (**AEMC**) Final Rule Determination on Access, Pricing and Incentive Arrangements for Distributed Energy Resources (**DER**);^{1,2}
- AEMC's NER rule changes for stand-alone power systems (**SAPS**) to incorporate SAPS as a distribution service;³
- AEMC's NER rule changes to establish a better regulatory framework for integrated energy storage systems;⁴

¹ Throughout the document we refer to DER and Consumer Energy Resources (CER) interchangeably.

² AEMC, <https://www.aemc.gov.au/rule-changes/access-pricing-and-incentive-arrangements-distributed-energy-resources>

³ AEMC, <https://www.aemc.gov.au/sites/default/files/2022-02/SAPS%20NER%20amending%20rule%20final%202022.pdf>

⁴ AEMC, [https://www.aemc.gov.au/rule-changes/integrating-energy-storage-systems-nem#:~:text=Rule%20Change%3A%20Completed&text=Operator%20\(AEMO\).-](https://www.aemc.gov.au/rule-changes/integrating-energy-storage-systems-nem#:~:text=Rule%20Change%3A%20Completed&text=Operator%20(AEMO).-)

- AEMC's NER rule changes on Global settlement and market reconciliation becoming effective October 2021;⁵
- Victorian government's legislated renewable energy targets of 65% by 2030 and 95% by 2035;⁶
- Victorian government's Emergency Backstop Mechanism (**EBM**) for solar policy and new distribution licence conditions;⁷
- Victorian government's Gas Substitution Roadmap and a gas moratorium for new connections requiring planning permits from 1 January 2024;⁸
- Essential Services Commission's (**ESC**) establishment of Electricity Distribution Code of Practice⁹;
- AER's decision on the regulatory framework for flexible export limit implementation¹⁰;
- AER's Export Service Incentive Scheme (**ESIS**) final decision¹¹;
- AER's updated Distribution Ring-fencing Guideline, to include ring-fencing interactions with SAPS and energy storage devices;¹²
- AER, Reliability and Emergency Reserve Trader (RERT) via voltage management - Ring-fencing class waiver;¹³ and
- AER's Network Visibility project, initiated in 2023, which is seeking to optimise the benefits of Consumer Energy Resources (**CER**) and network assets for all customers by providing market and policy stakeholders with the critical information they need to make CER planning decisions and to manage network-related risks.¹⁴

In addition to these changes to regulations and the regulatory framework, there is a rapid transition to energy system powered by renewable, low marginal cost generation. With the renewable energy transition accelerating in Australia the regulations and circumstances of the National Electricity Market (**NEM**) are more rapidly evolving. The rapid uptake of consumer energy resources and Electric Vehicles (**EVs**) are creating a new set of challenges to distribution networks and the broader electricity system. The rapid replacement of thermal generation with low marginal cost renewable generation will present new system reliability and security challenges. Overcoming these challenges will require more innovation and new services to better empower our customers and help the Australian Energy Market Operator (**AEMO**) keep the power system reliable and secure, at a time when the power system is becoming increasingly fragile.

To keep pace with these changes to regulations and the energy transition, we request that the AER replace the F&A for AusNet's 1 July 2026 to 30 June 2031 regulatory period.

Our key focus areas are briefly summarised below and described in this document:

- Classification of export and dynamic services as distribution services;
- Establishing regulated SAPS and EBM services as new common distribution services;
- Introducing Essential System Services (**ESS**) as a distribution service to the benefit of system security, reliability improvement and lower wholesale market prices, whilst providing our customers with their fair share of revenue from AEMO;
- Introducing new distribution service classifications for data provision and advisory services to better meet our customers' increasing demands for network data; and
- Allowing for a design of an ESIS, consistent with the classification of exports as a distribution service.

We look forward to engaging with the AER and continued meaningful engagement with our stakeholders to ensure that the new F&A best reflects the long-term interests of our customers.

,On%2020December%202021%2C%20the%20Commission%20made%20a%20more%20preferable,greater%20participation%20in%20the%20market.

⁵ AEMC, <https://www.aemc.gov.au/rule-changes/global-settlement-and-market-reconciliation>

⁶ DEECA, <https://www.energy.vic.gov.au/renewable-energy/victorian-renewable-energy-and-storage-targets>

⁷ DEECA, <https://www.energy.vic.gov.au/renewable-energy/solar-energy/victorias-emergency-backstop-mechanism-for-solar>

⁸ DEECA, <https://www.energy.vic.gov.au/renewable-energy/victorias-gas-substitution-roadmap#:~:text=What%20is%20the%20policy%3F,includin%20knock%2Ddown%20rebuild%20projects.>

⁹ ESC, <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/electricity-distribution-code-practice>

¹⁰ AER, <https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/review-of-regulatory-framework-for-flexible-export-limit-implementation/decision>

¹¹ AER, <https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/export-service-incentive-scheme/final-decision>

¹² AER, <https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/ring-fencing-guideline-electricity-distribution-0/final-decision>

¹³ AER, <https://www.aer.gov.au/networks-pipelines/ring-fencing/ring-fencing-waivers/reliability-and-emergency-reserve-trader-rert-via-voltage-management-ring-fencing-class-waiver-december-2022/decision>

¹⁴ AER, <https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/network-visibility>

2. Customer and stakeholder engagement

We are in most the significant energy transition since the electrification of Victoria. It is important we consult with our customers and stakeholders on new and amended electricity distribution services and new incentives schemes to ensure we meet changing customer needs and preferences.

Our plans for 2026-31 are being shaped by extensive engagement with customers, stakeholders, and other parties across diverse customers and communities. This extensive engagement is multi-stage with oversight by our EDPR 2026-31 Coordination Group. This group is supported by further targeted customer research and engagement, plus the deliberations of 6 additional topic-focused panels of diverse customer and stakeholder representatives.

Figure 2: EDPR customer engagement approach



In terms of our engagement for this replacement F&A proposal, we undertook a F&A specific consultation process with customer advocates and other stakeholders.

Figure 3: stakeholder engagement meeting roadmap



Our engagement approach was designed to be sensitive to the scarce time needs of customer advocates and other stakeholders. Given this and the consistent application of the AER's Framework and Approach paper to all five Victorian distributors, engagement on the F&A paper commenced with a joint Victorian distributor consultation process. This process comprised two independently facilitated and documented workshops that brought together customer advocates and other stakeholders. A wide range of customer and stakeholder representatives participated following public promotion of the event and targeted invitations, including representatives from each networks' reset panels, Victorian government Department of Energy, Environment and Climate Action (**DEECA**), retailers, community energy groups, electric vehicle advocates, technology providers and others.

The first F&A workshop held on 18 May 2023 aimed to gather insights on potential changes to distribution services including an examination of gaps in our current service offerings and classifications. Workshop participants were provided with pre-reading and a series of short presentations about potential service classification gaps and given the opportunity to discuss the topics in one of four small breakout rooms. Workshop participants identified the merits of DNSPs providing services to meet the needs of SAPS, ESS and data provision service gaps, and for ESS and data provision raised concerns related to risks, costs, and fairness.

The second F&A workshop held on 9 August 2023 provided an opportunity to shared how we "took on board" feedback from the first workshop and how it shaped out proposals, including by identifying services classifications not to pursue. We presented on the two services, data provision and ESS, where there is merit in progressing in our replacement F&A proposal but wanted more feedback from our stakeholders. At this workshop, fulsome presentations were provided, and all participants were able to engage and discuss the topics. Participants identified the benefits and their level of support for each service, as well as any relevant consideration and challenges.

The feedback from both workshops has been a valuable contribution to our replacement F&A proposal. The final reports and slide packs from both workshops are the supporting attachments A and B to this proposal.

Additionally, we discussed our F&A ESS proposal with:

- our EDPR Coordination Group on 28 September. The Coordination Group is considering items of importance that are outside the panels' remit as well as the overall proposal case; and
- AEMO staff via 2 meetings on the topic of providing ESS 31 July and 27 July. These additional meetings provided valuable opportunities to better understand the issues from a broader customer and market operator perspective.

3. Classification of distribution services

Service classification defines the type of economic regulation, if any, that applies to services that we can offer to our customers. It also determines how the costs of the regulated services are recovered. Our proposed replacement F&A specifies the service classification for both existing and proposed new services.

AER's classifies our distribution services, that we provide to our customers, as direct control services or negotiated distribution services, in accordance with NER Clause 6.2.1. The NER and the AER's Service Classification Guideline establish the criteria used to determine a service classification e.g., administrative costs, and the potential impacts on the development of competition in a relevant market.

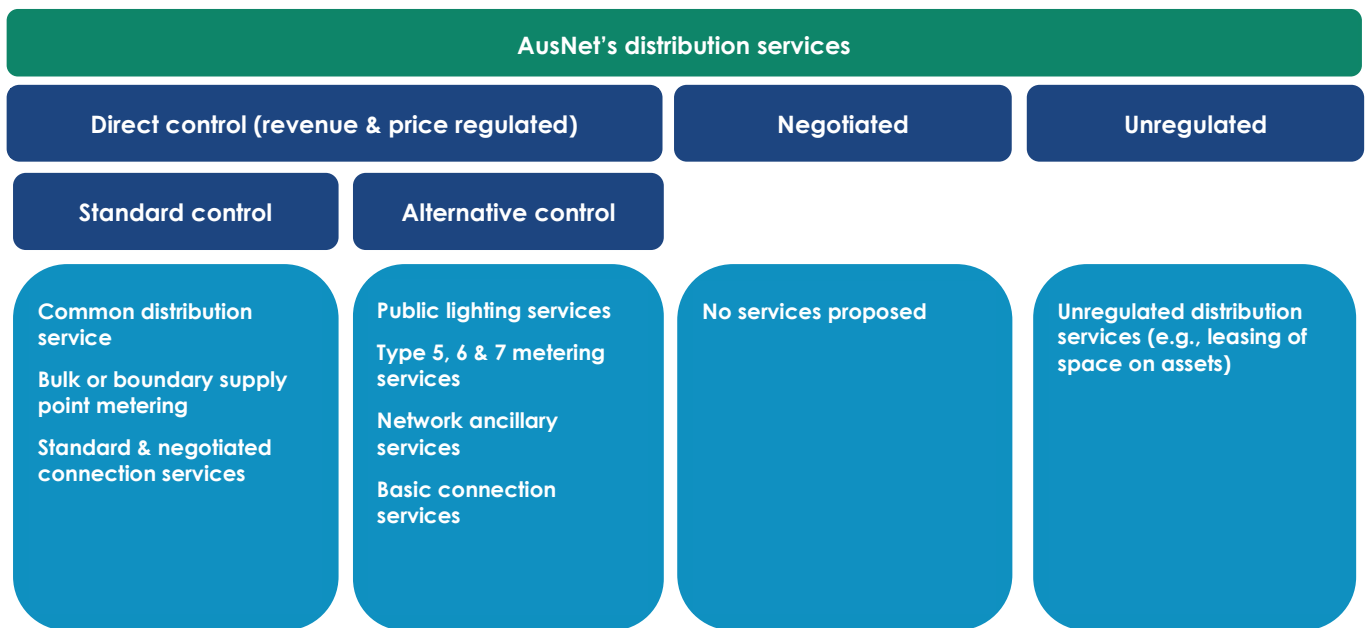
Services not classified as distribution services are unclassified (or unregulated) services. The AER's Distribution Ring-Fencing Guidelines governs arrangements under which distributors may provide unclassified services.

The direct control services, we provide are categorised as either:

- Standard control services (**SCS**) – services subject to the AER's price or revenue control mechanism based on a total revenue requirement.
- Alternative control services (**ACS**) – other direct control services subject to control mechanisms approved by the AER in the distribution regulatory determination.

Negotiated Distribution Services are subject to a negotiate and arbitrate framework whereby the AER approves a negotiating framework and criteria in the distribution regulatory determination. The AER does not directly set prices and the Distribution Ring-Fencing Guidelines also govern whether we may provide these services.

Figure 4: Diagram of AusNet's range of distribution service classifications



All the service classification changes are tracked in red in Appendix A. Majority of the changes are explained in the remainder of section 3 below, with the other changes reflecting minor drafting updates and a change to align with recent changes in other jurisdictions.

We have included the rectification of simple customer fault activity in Common Control Services to allow our fault response crews to fix simple faults behind the connection point (at the fascia board or property boundary) and meter, which they discover when investigating customer outages. The AER has previously considered this activity in QLD, NSW and Tasmania regulatory decisions.

3.1. Customer export and dynamic services

In 2021 AEMC's Final Rule on Access, Pricing and Incentive Arrangements for DER changed the regulatory framework that assumed electricity flowed in predominantly one-way from large-scale electricity generators to customers. The NER prior to this Rule change considered that distributors would allow customers with solar generation to export electricity in accordance with their connection agreement with the customer. There was no formal framework to regulate network access or pricing arrangements for the export of electricity by load customers, while there was framework for dedicated generators.

The new regulatory framework recognises export services are a distribution services in line with consumption services, and it promotes incentives for distributors to support more distributed or CER connecting to the network with the ability to export onto the grid. The new regulatory framework also supports development of mechanisms such as flexible export limits and dynamic operating envelopes, that promote a fairer and more efficient sharing of network capacity for export services. Most recently in July 2023, the AER finalised their regulatory framework for flexible export limit implementation, which provides avenues for distributors to provide flexible export limits services and seek funding for the same.

While there is currently no formal regulatory framework for flexible/dynamic load services, there are several industry trials on the technical capability of such services, including potentially using the same capabilities currently being deployed for flexible/dynamic exports. Our industry-leading EDGE trial with AEMO has trialled use of dynamic import services and successfully demonstrated its technical capability. As the penetration of electric vehicles (EV) continues to grow, the uses cases for dynamic connection and management of this new flexible load are expected to be material, particularly for larger customers and EV fleet.

Our replacement F&A proposes to incorporate export services into existing service classifications, recognising import and export services to be equal under the final AEMC rule. This includes recognising exports as part of the following connection services:

- basic connection services— including static and dynamic services
- non-basic connection services— including static and dynamic services
- non-standard connection services— negotiated static and dynamic management services at customer site that provide the customer greater network capacity or level of service that they would otherwise be eligible for.

We do not propose to add drafting to Appendix A for the classification of export services where the service is supplementary to the basic connection or negotiated connection agreement. However, for non-standard connection services, we have updated the drafting in Appendix A to recognise use of dynamic management services to provide more network capacity as part of the service (as the definition includes examples of what might constitute an enhanced service).

We have also updated the common distribution services to reflect use of dynamic export and demand management by networks, for the conveyance of electricity, including ensuring the integrity of the related distribution system.

The new regulatory framework also supports development of mechanisms such as flexible export limits and dynamic operating envelopes, that promote a fairer and more efficient sharing of network capacity for export services. Most recently in July 2023, the AER finalised their regulatory framework for flexible export limit implementation, which provides avenues for distributors to provide flexible export limits services and seek funding for the same.

The AEMC final rule established that exports can be provided as a common distribution service or an enhanced service where a customer negotiates to pay extra to receive a higher export capacity, which is higher than a basic connection agreement would otherwise allow. The AER's final regulatory framework for flexible export limit implementation established that export services can be both static and dynamic. While there is currently no formal regulatory framework for flexible/dynamic load services, there are several industry trials on the technical capability of such services, including potentially using the same capabilities currently being deployed for flexible/dynamic exports. Our industry-leading EDGE trial with AEMO has trialled use of dynamic import services and successfully demonstrated its technical capability. As the penetration of electric vehicles (EV) continues to grow, the uses cases for dynamic connection and management of this new flexible load are expected to be material, particularly for larger customers and EV fleet.

We tested this approach through stakeholder engagement and received support for this position, along with broader questions around the regulation of export services that go beyond the F&A process (e.g., how networks determine what export levels would be classified as standard control and alternative control). These questions will be addressed in our Regulatory Proposal.

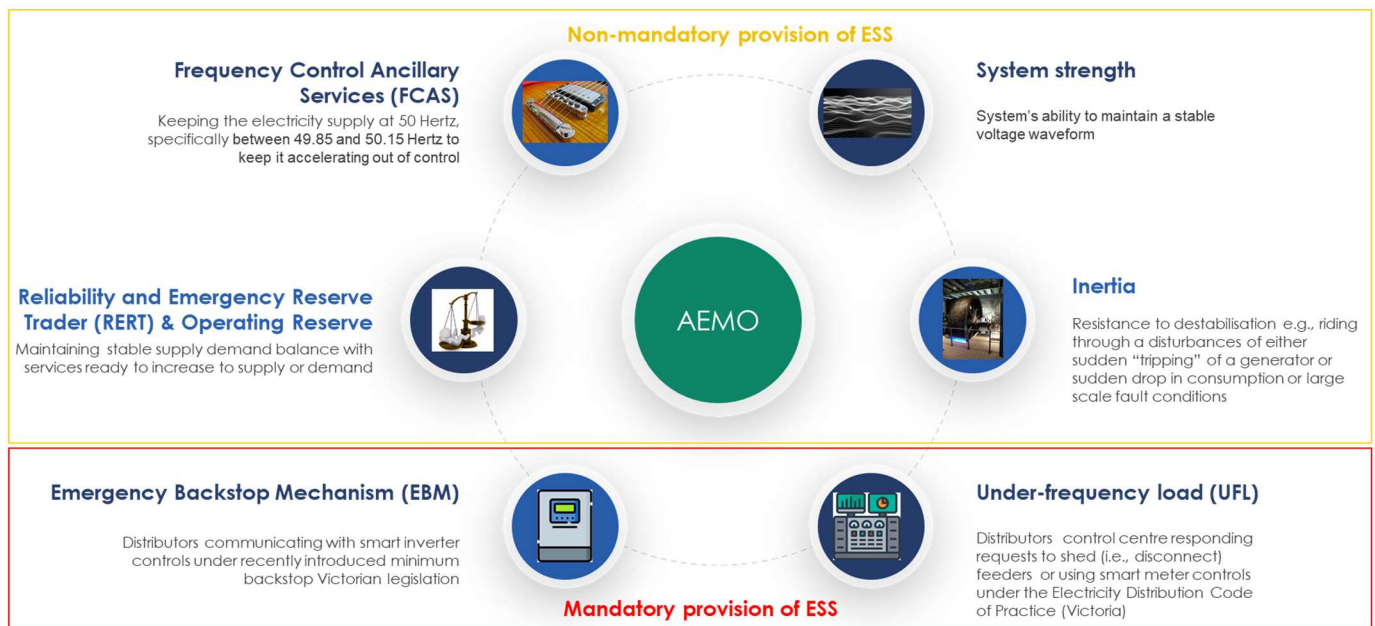
3.2. Essential System Services (ESS)

The Australian energy landscape is rapidly changing, shifting away from fossil fuel powered thermal generation towards renewable energy sources like solar and wind. As the renewable energy transition accelerates, the electricity system will need to adapt to this reduction in thermal generation. It is vitally important that all parties involved in the electricity system keep up with these changes and take active steps to maintain reliable and resilient electricity supply to our customers. AusNet, in establishing our replacement F&A, is proposing to offer system services to meet the needs of the renewable energy transition to benefit all customers with lower costs and do so in an equitable regulatory arrangement that shares any revenue we receive from providing these services with our customers, lowering their costs.

AEMO and other market operators around the world have used ESS to manage power security and reliability. In the NEM, AEMO procures most of these services through a spot market for services or through bilateral contracts. In some circumstances, where market ESS or other measures are insufficient and/or ineffective at balancing electricity supply, AEMO may need to call on distributors to provide last resort measures such as underfrequency load (UFL) services or the soon to be introduced Emergency Backstop Mechanism (EBM), which distributors are obliged to provide under the NER or our licence conditions.

Figure 5 below diagram lists and describes the different ESS and our proposal for how distributors can provide them.

Figure 5: Proposed ESS classifications



AEMO has clearly identified a requirement for greater amounts of ESS as the electricity system transitions from thermal generation to wind and solar generation. AEMO made this link back in its 2018 Integrated System Plan demonstrating that the need for just FCAS increases with the penetration of wind and solar generation with over 100 MW of FCAS capacity needed every year.¹⁵ The more recent AEMO's 2022 system security report concluded that "as the power system continues to transform more system security services are needed" and identifying that "a mix of services and technology can help meet these needs".¹⁶

Additionally, Energy Security Board (ESB) highlighted that the lack of ESS is already increasing prices and costing consumers due to the expensive interventions in the recent years needed to keep the grid system secure.¹⁷ This assessment examined the June 2022 market events and shortfall of services that contributed to high market prices in the NEM.

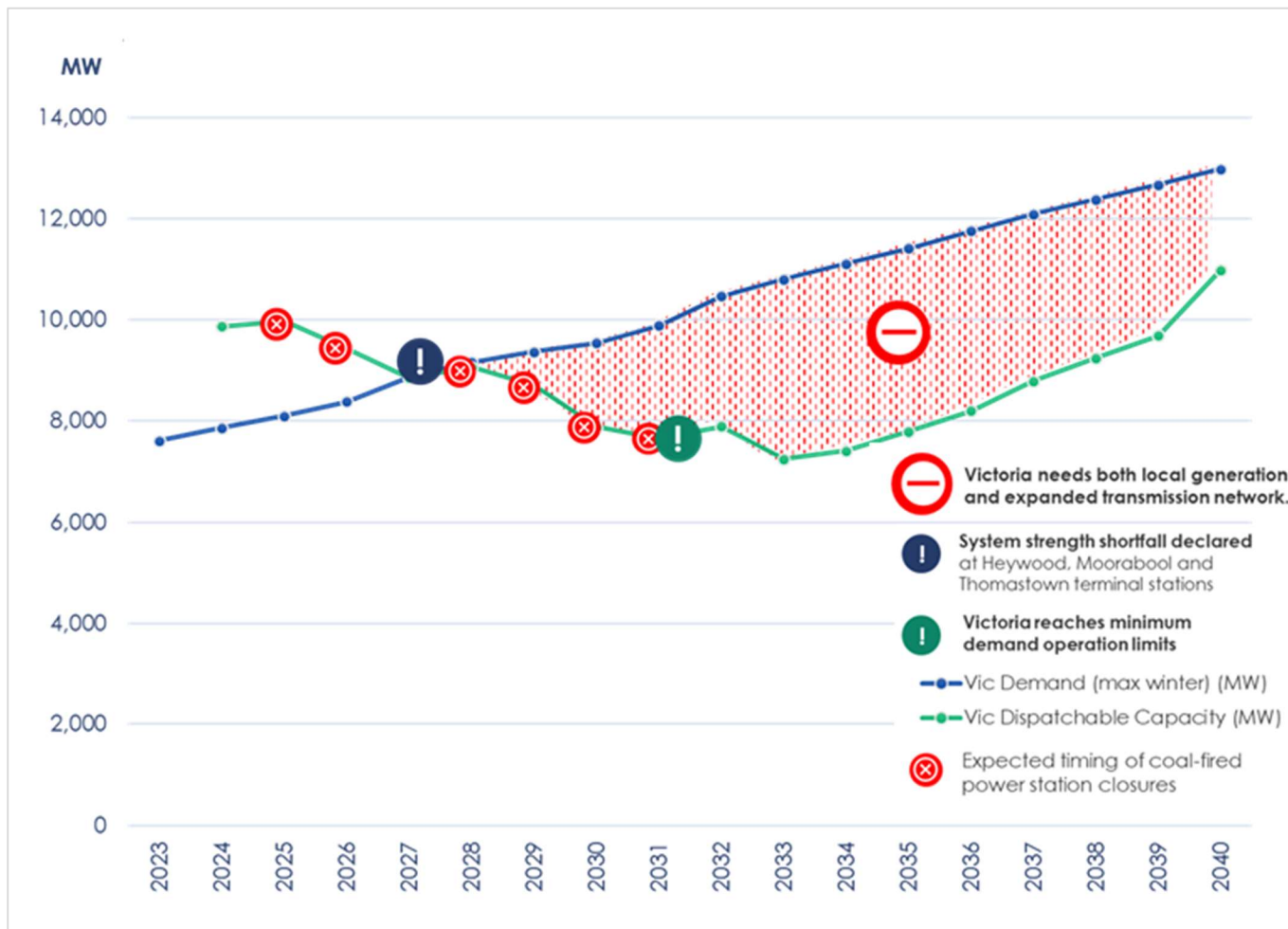
The NEM now has over 17 GW of wind and solar capacity installed and by 2025 this is expected to increase to over 27 GW. Thermal generators will be phased out in Victoria from 2025 to 2030, and AEMO has declared a system strength shortage event for 2027, shown in Figure 6 below. Without additional ESS to stabilise this renewable generation, more expensive interventions are likely and the reliability of supply to customers is at risk.

¹⁵ AEMO, 2018 Integrated System Plan, p. 68, July 2018

¹⁶ AEMO, 2022 System Security Planning, December 2022

¹⁷ ESB, <https://esb-post2025-market-design.aemc.gov.au/essential-system-services-and-scheduling-and-ahead-mechanisms>

Figure 6: Victoria's emerging demand-capacity deficit



Source: AusNet

In the forthcoming regulatory period of 2026-31, Victorian distributors are well placed to provide at least some of the non-mandatory ESS services the AEMO is expected to need. Network technologies such as dynamic voltage management systems (**DVMS**) have the capabilities in place to provide RERT services with only a relatively minor uplift in investment. The OFGEM Customer Load Active System Services (**CLASS**) decision in the United Kingdom allowed networks to use a very similar technology to the technology being deployed on our network with their technology provider stating that “Distribution network voltage control services are ... offering 3GW of flexible demand reduction, which could unlock consumer benefits of up to £1.8bn in net present value terms”.¹⁸

We are currently progressing a project to implement and trial multiple instances of DVMS across our distribution network. If DVMS is offered as RERT ESS we would provide AEMO with the option to increase or decrease the voltage on our network at short notice (less than 5 minutes) with minimal disturbance to voltage performance. This offer would only be called upon when AEMO triggers reserve conditions, which might occur perhaps for a part of a day once or twice a year. Use of DVMS for RERT may cause short-run voltage disturbances at a customer’s premises, but by using DVMS we would remain compliant with our overall voltage delivery standards under the Electricity Distribution Code of Practice. Those customers supplied with DVMS, where used in this way, would still a superior level of voltage performance when compared to customers in similar geographic locations without DVMS. We engaged on this with stakeholders in our two forums, and many stakeholders commented that a short and infrequent disturbance to customers voltages would be preferable to system outages and/or load shedding as an alternative, if insufficient RERT services were contracted.

In December 2022, the AER granted a class waiver under the Electricity Distribution Ring-fencing Guideline to distribution network service providers (**DNSP**). The class waiver allows DNSPs to contract with AEMO to provide RERT services via voltage management. The waiver is effective from 14 December 2022 to 15 April 2025 (inclusive).

¹⁸ OFGEM, <https://www.ofgem.gov.uk/sites/default/files/2022-12/Decision%20-%20Regulatory%20treatment%20of%20CLASS%20as%20a%20balancing%20service%20in%20RIIO-ED2.pdf>

In its decision, the AER highlighted that AEMO has identified a need for increased amounts of RERT services in the future, particularly in light of the forecast reliability gaps for all mainland regions from 2022-23 to 2031-32.¹⁹

The AER's class waiver decision and AEMO's reports demonstrate there is a growing need for more ESS over the forthcoming regulatory period. Networks are able to explore other ways of using network assets to provide RERT and other ESS, if necessary at scale. While the technological solutions may not be determined at present, through innovation networks can explore other ways of using network equipment and varying demand and generation/battery inverter output on our network, to help maintain system security and provide various forms of ESS.

Along with the other Victorian Distributors we have engaged on the concept of networks providing ESS extensively with our stakeholders, including with the Victorian Government and AEMO. Provision of ESS services was a key consultation topic at both joint Victorian DB stakeholder forums. At the first workshop we presented and discussed ESS at a conceptual level. At the second workshop we provided a more detail on the benefits of distributors providing ESS and evidence of the need for more and cheaper ESS for AEMO. Over the two sessions workshop participants recognised that the Victorian electricity distributors may have a role in providing ESS, with many participants acknowledging the potential benefits, and the potential of lack of ESS to lead to system blackouts.

Additionally, workshop participants:

- Asked for further information about who need for ESS, the benefits of networks providing the services and who pays for these services.
- Requested assurances that the supply of ESS (with DVMS) would not negatively impact our customers.
- Questioned whether ring-fencing waivers could be sufficient, highlighting customer preference for regulatory oversight by the AER of distributor ESS costs and revenue.

We also discussed our proposed approach to classifying ESS at a follow-up meeting with our EDPR Coordination Group held following the joint distributor workshops to better understand the potential issues for our customers. At this meeting, when discussing the win-win-win ESS outcomes the stakeholder representatives raised the following additional questions:

- How we would manage delivery risks of ESS.
- Whether this is needed, when large (industrial) energy users also provide RERT and other ESS to AEMO.

We address these questions in the paragraphs below consistent with the information provided to stakeholders at the forum.

The need for ESS

The first and most fundamental question arising from this engagement is whether the growing need for more ESS is needed for the energy transition. We established above that the need for ESS increases with every new solar and wind generator connected and with the removal of thermal generators. Already, the lack of ESS is resulting in higher prices to customers and the need for the AER to introduce an urgent class waiver. Therefore, despite already some providers of ESS in the market, we contend more is needed and that all energy customers (including large energy users) would be worse off under conditions where there is a shortage of ESS leading to very high market prices and widespread outages. It may be the case that large energy users may receive slightly lower prices from their RERT and FCAS market participation if Victorian distributors provide ESS. However, if Victorian distributors do not provide ESS the NEM electricity prices would increase all the more, as would the risk of outages. The increases in electricity prices and risk of outage will undoubtedly be worse for large energy users when compared to their marginal reduction in revenue from RERT and FCAS market participation.

Who benefits and who pays

The next matter arising from this feedback is who benefits from networks providing non-mandatory ESS and who pays. It is clear that by networks providing non-mandatory ESS all electricity customers benefit, through lower prices for system services as well as more secure energy supply. This includes customers of the network that is providing the service. To provide the service, networks can typically use existing assets, which have been paid for by customers for other network purposes. Therefore, in the most likely scenario where networks are providing non-mandatory ESS, all electricity customers would benefit by networks delivering more services from existing assets that have been paid for by the customer of the network – resulting in lower wholesale energy costs to customers and a share of revenue paid to the distributor reducing the network costs to customers. A double benefit for our customers.

This is akin to networks providing mandatory ESS. When AEMO is unable to keep the energy system stable, distribution networks may be employed by AEMO to conduct load shedding or generation curtailment, using network assets. Customers of the network pay for the assets needed to provide mandatory ESS, while all electricity customers benefit from the deployment of those emergency services.

¹⁹ AER, Distribution ring-fencing class waiver for Reliability and Emergency Reserve Trader (RERT) services via voltage management, December 2022, p. 5

Impact on customers

Through our engagement, stakeholders had concerns around the potential negative impact on customer outcomes if networks were diverting assets for use in ESS, for example if customers would experience significantly worse voltage performance if networks participated in RERT. As explained above, while there might be short-term disturbances to customer outcomes as a result of networks providing ESS, there are sufficient customer protections in the current regulatory framework, including regulatory obligations, service incentive schemes and performance reporting, that safeguard against ongoing adverse outcomes. By engaging in ESS using network assets, distributors take on the risk of balancing existing obligations and service levels for its customers with the obligations under the ESS contract. Additionally, Victoria has the strictest and most enforceable voltage limits of any NEM jurisdiction based on reported voltage data from all meters, these customer protections would ensure our customers are not disadvantaged by the overall use of voltage management technology – a technology that provides better voltage compliance overall. Failure to meet obligations and service standards would likely result in financial penalties and reputational damage.

Ring-fencing arrangements

We also received questions and comments around use of ring-fencing waivers for networks to provide ESS. Under existing arrangement, distributors can only provide ESS with ring-fencing waivers. In these circumstances, the rewards are subject to the expiration period and scale of the waiver. This limited scope for rewards would not likely justify additional costs of implementing system and process changes to provide timely and reliable responses to AEMO's RERT and FCAS requests in a way that does not cause overall voltage non-compliance issues. Finally, the benefit sharing from such unregulated ESS services would be subject to the Shared Asset Guideline, which was established for asset leasing arrangement.

Classification of ESS

Following the joint Victorian Distributor workshops and engagement with AEMO, the Victorian Government and our EDPR Coordination Group, the overarching feedback was that there is value in network providing non-mandatory ESS, however, there needs to be the right framework for revenue and benefits sharing with customers, as in most case customers would have paid for the network assets being used to provide non-mandatory ESS. This requires us to assess the challenges and benefits of treating non-mandatory ESS as either a regulated or unregulated services in the F&A.

In classifying ESS it is important to consider the full set of ESS together. Service-specific classification may prevent customers from benefiting from technological advances over the forthcoming period.

Table 1 below compares alternative options of classifying non-mandatory ESS. We do not consider non-mandatory ESS can be classified as an ACS, as these are network-initiated voluntary services to AEMO.

Table 1: Options for consideration for classification of non-mandatory ESS

Option	Challenges	Benefits
Classifying the non-mandatory provision of ESS as SCS in the F&A with an agreed revenue sharing arrangement	Requires new regulatory arrangements.	Full regulatory oversight of expenditure and revenue sharing arrangements. Establishes incentives for efficient long-term investment in services that benefit reliability, reduce wholesale market prices and the costs of our customers.
Classifying the non-mandatory provision of ESS as unregulated services in the F&A	Ring-fencing waivers would apply, which would limit investment with a lack regulatory certainty. ²⁰ May restrict the scale of incentives required to justify investment in quality and timely ESS services and administrative costs from the waiver process.	No changes framework or revenue caps required. Oversight of expenditure and revenue sharing in accordance with Shared Asset Guideline.

²⁰ The current ring-fencing class waiver for RERT granted in December 2022 is only applicable for 28 months and not the requested period by AEMO.

Our proposed replacement F&A proposes to classify both mandatory and non-mandatory provision of ESS as standard control. However, we propose to subject the revenue received from providing non-mandatory provision of ESS to an arrangement for revenue and benefit sharing. The regulatory frameworks for these arrangements need further thought, which we will progress with our stakeholders in the coming months.

Alternatively, if non-mandatory ESS remain treated as unregulated services, we consider it crucial that the ring-fencing requirements are removed or altered, such that they cannot act as a barrier to network participation in these services. Regardless of whether the services are classified as standard control or unregulated, revenue and benefit sharing arrangements should be developed.

In summary, we consider allowing networks to provide non-mandatory ESS would:

- Reduces the cost of ESS and the wholesale market prices in the NEM, by freeing more generator capacity that would otherwise be reserved for ESS.
- Contributes to better system security for all customers in the NEM.
- Shares a reasonable portion of the reward revenue with our customers reducing their overall electricity bills.

We look forward to progressing this discussion this more effective and mutually beneficial arrangement with stakeholders and the AER ahead of a final F&A decision.

3.3. Regulated (distributor-led) SAPS

SAPS typically comprise of solar PV, batteries and backup diesel generators that supply electricity to either multiple customers or an individual customer. Following the AEMC's reviews and rule changes in 2022, the National Electricity Laws and the NER now allow distributors to provide SAPS to our customers in an arrangement that treats them no differently to grid connected customers.

The Victorian government have not yet made NEVA Regs amendment to the definition of distribution services include services provided by means of a stand-alone distribution system in a regulated SAPS. We expect this change prior to the forthcoming regulatory period.

These services would be provided where the installation of independent, off-grid solutions is a viable and more efficient alternative to maintaining the existing poles and wires, and customers have agreed to the new service in accordance with the AER's SAPS engagement framework. Eligible customers, who embrace this change, would benefit from:

- Improved resilience, reliability and safety – SAPS remove dependency on the physical electricity network, providing customers at the end of the line with variable network connection with heightened reliability for their energy. Areas selected for SAPS are outages prone being typically in bushfire and extreme-weather-prone zones.
- A more sustainable energy alternative – SAPS systems use solar energy as the primary source of electricity, only using the back-up generator when required, such as during long periods of cloudy or rainy days. We actively monitor energy usage and look to work find ways to reduce the back-up generator run-time, for example by changing the hot water heating time to the middle of the day when solar generation is more likely.

Where SAPS are installed, whether by us or third-party contractor, we will be responsible for all the operation, maintenance, and remote monitoring of each SAPS, including any repairs, fault correction and refilling the diesel generator.

Our replacement F&A proposes to classify activities related to regulated SAPS deployment, operation and maintenance (including fault, emergency repairs and customer conversion) as part of common distribution services and hence a standard control service. This service classification is fully consistent with the NER that seeks to ensure SAPS are only deployed where the cost reduction benefits justify the expenditure (i.e., in geographically remote, or hard to access, heavily vegetated areas) and that customers on SAPS are treated equally to other distribution customers. This approach is consistent with AER's NSW/ACT/TAS/NT decision in 2021 and SA/QLD in 2022.

We tested this approach with our stakeholders and customer advocates at our first joint Victorian customer engagement and received mostly positive responses, including recognition that SAPS can deliver benefits where efficient to do so. There was some support for networks providing generation services in SAPS as well, however, ultimately stakeholders were comfortable that the existing exemption for generation services in the Distribution Ring-Fencing Guidelines is sufficient to not delay an efficient roll-out of SAPS.



3.4. Data provision and energy advisory services

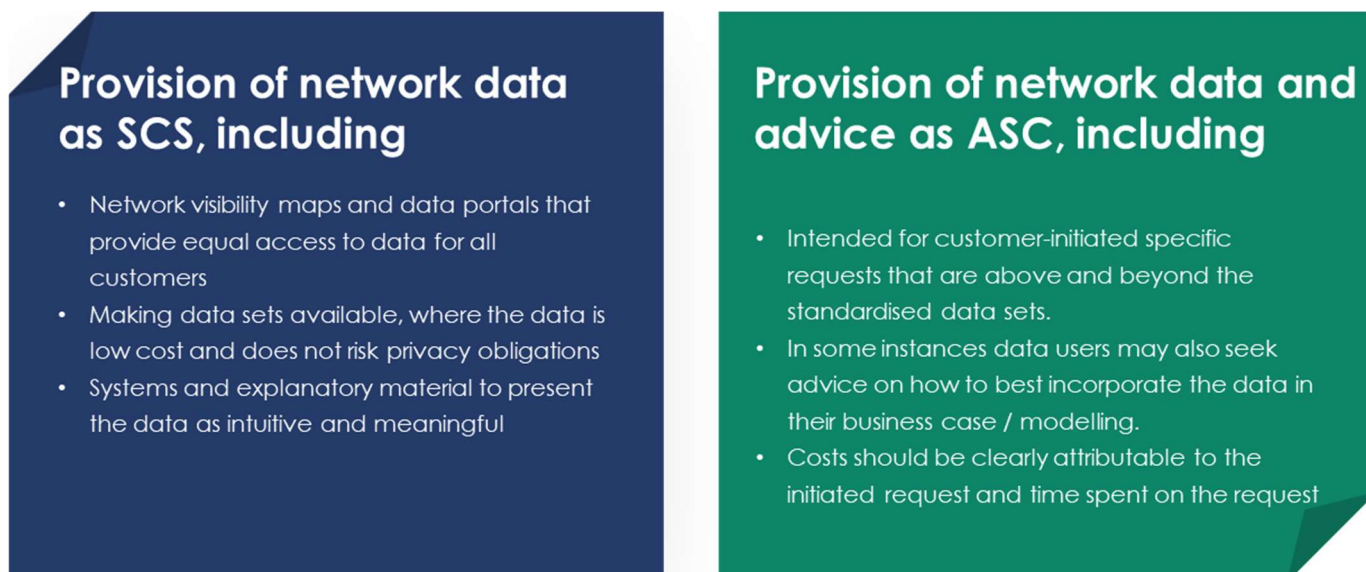
The renewable energy transition is creating new opportunities for customers, and the community organisations that support them, to participate to a greater extent with the electricity networks. More of our customers are installing CER and upgrading of the size of their CER. The establishment of community batteries and community energy solutions is heavily dependent on network visibility maps and network data. With this greater level of CER and community energy on our networks, transparency around network capacity and limits is now matter of common interest for a growing group of our customers and communities. Customer choice of tariff options is also helped by data provision.

Network data provision and visibility is an area of distribution services that is likely the subject of new regulatory requirements for distributors in the forthcoming period. The AER's current consultation on the Energy Security Board's (ESB) paper on network visibility will likely introduce these new regulatory requirements from 2024 onwards. Defined data sets identifying the performance of the LV network and CER opportunities is the first expected outcome from this reform. When this occurs, we will need a service classification compatible with providing this data.

To help us establish our service classification for data provision and energy advisory services we engage with our customers and stakeholders at our two joint Victorian distribution F&A workshops. At our first F&A workshop, we presently broadly on whether customers support the provision of data to our customers. We heard that enabling consumers to make better decisions is of paramount importance, but cost efficiency and privacy were also important.

To meet the needs of these customers in our proposed replacement F&A, we are introducing a minimum data provision (including network visibility and capacity maps) as a common distribution service, while retaining from our current F&A that more specific network data and advice is an alternative control service. Figure 7 below characterises the differences between the minimum data provision common service and more specific services chargeable to the requester. This will help us inform our customers on the options available to them when they need to make an informed decision about their CER investments. It will also a promote consistent, positive experience to our customers, and the community organisations that support them.

Figure 7: Proposed classifications for data services



We presented this dual common and specific data provision concept at our second F&A workshop. Workshop participants welcomed the proposal noting the additional value that data services can provide to customers. They did highlight that it is difficult to identify the potential challenges without having a clearer picture of what services will end up being offered. It is our challenge therefore to clearly and plainly present to our customers the options for data services (subject to any new regulatory requirements from the AER's review), in our Regulatory Proposal.

4. Form of control

The form of control establishes how revenue and prices our customer pay are determined for direct control services. Our replacement F&A proposes the forms of control to apply to different service classifications, and the reason supporting our proposal, are shown in Table 2. The forms of control and formulas adopted in the 2021-2026 regulatory control period remain appropriate. There have been no material changes in circumstance that affect the AER's previous rationale for determining these forms of control.

Table 2: Form of control for different services and classifications

Classification	2021-26	2026-31	Reason
Standard Control Services (SCS) – common distribution service	Revenue Cap	Revenue Cap	A revenue cap is supported in line with the rationale set out in the final Victorian Distributor F&A for the 2026-31 period, including the higher likelihood of revenue recovery at efficient cost, better incentives for demand side management and better alignment with the expansion of efficient prices
Alternative Control Services (ACS) - Type 5 and 6 (inc smart metering) services where the distributor remains responsible	Revenue Cap	Revenue Cap	Based on continuation of the AMI Order In Council applying in Victoria. If the Order in Council is revoked during the period, the form of control will be subject to review.
Alternative Control Services - Public Lighting	Price cap formula Implemented through a public lighting model under a building block approach	Price cap formula Implemented through a public lighting model under a building block approach	Continuation of current arrangements
Alternative Control Services – Fee based	Price cap formula	Price cap formula	Continuation of current arrangements
Alternative Control Services – Quoted	Price cap formula	Price cap formula	Continuation of current arrangements

Our customer and stakeholder engagement on the proposed forms of control for each service classification was “inform only”, to ensure the process remains focused on the areas of engagement most beneficial to customers.

4.1. Standard control services revenue cap formula

AusNet proposes to continue with the current revenue cap for standard control services for the 2026-31 regulatory control period. A revenue cap remains the best control mechanism moving forward being consistent with the factors under Clause 6.2.5(c) of the NER. It will also result in benefits to customers through a higher likelihood of recovery at efficient costs and will provide better incentives for demand side management.

No changes are proposed to the revenue cap formulae in our replacement F&A.

4.2. Price caps for alternative control services

No changes are proposed for our price cap control formulae for metering, public lighting and fee-based ancillary network services.

However, we note that other recent F&A determinations includes tax and margin components in the updated price cap formula to apply for quoted services. Commercial businesses are subject to tax liability and competition. The provision of quoted services, therefore, may require additional revenue to cover the costs from tax liability and a margin that competitive businesses charge to compensate for risk of investing funds. These inclusions are consistent with principles of cost reflective pricing.

Accordingly, we propose the inclusion of a tax and margin component in the price cap formula for quoted and fee-based services.²¹

Our proposed the price cap formula to apply to quoted services for the 2026-31 regulatory period is:

$$\text{Price} = \text{Labour} + \text{Contractor Services} + \text{Materials} + \text{Margin} + \text{Tax}$$

Labour	consists of all labour costs directly incurred in the provision of the service which may include labour on-costs, fleet on-costs, and overheads. Labour is escalated annually by $(1 + \Delta CPI^t)(1 - X_t^i)$
ΔCPI^t	is the annual percentage change in the ABS CPI All Groups, Weighted Average of Eight Capital Cities from the December quarter in year t-2 to the December quarter in year t-1.
X_t^i	is the X factor for service i in year t. The X factor is to be decided in the distribution determination and will be based on the approach the distributor undertakes to develop its initial prices.
Contractor Services	reflect all costs associated with the use of external labour including overheads and any direct costs incurred. The contracted services charge applies the rates under existing contractual arrangements. Direct costs incurred are passed on to the customer
Materials	reflect the cost of materials directly incurred in the provision of the service, material storage and logistics on-costs and overheads.
Margin	definition to be decided in the distribution determination.
Tax	definition to be decided in the distribution determination.

²¹ The formula for the fee-based services will be included in the distribution determination.

5. Other matters

5.1. Incentive schemes

AusNet strongly supports the application of incentive regulation, including the incentive schemes within the regulatory framework as means of delivering long-term efficiencies and improved customer outcomes. These incentives help drive lower costs to customers and make the right decisions to innovate and invest prudently.

Our proposed replacement F&A continues to apply the following incentive schemes in the forthcoming regulatory period:

- service target performance incentive scheme (**STIPS**);
- efficiency benefit sharing scheme (**EBSS**)
- capital expenditure sharing scheme (**CESS**)
- demand management incentive scheme (**DMIS**)
- demand management innovation allowance mechanism; and
- Victoria F-factor scheme.

We also are proposing to establish additional schemes within the provisions for small-scale incentives schemes in Clause 6.6.4 of the NER. These incentive schemes in aggregate are limited to providing rewards or penalties that do not exceed 0.5% of the annual revenue. These proposed schemes include:

- Customer Service Incentive Scheme (**CSIS**) – to provide customer service that best reflect the preferences of our customers.
- ESIS – to improve export service quality where customers value those improvements, consistent with the AER's final decision on the ESIS development.

The establishment of these two schemes and the relative scale of each scheme will be subject to our extensive customer engagement that includes a range of panels of leading and diverse customer advocates.

5.2. Depreciation

The NER requires the AER to determine whether the depreciation for establishing the regulatory asset base as at the commencement of the following regulatory control period is to be based on actual or forecast capital expenditure. However, the forecast approach to depreciation is more consistent with the application of CESS mechanism in accordance the AER's CESS Guideline.

For this reason and to avoid unnecessary changes, our proposed replacement F&A for 2026-31 maintains with the same forecast depreciation approach applied in the current regulatory period.

Appendix A: Our preliminary services classifications for 2026-31

Service group	Service description	Proposed classification 2026-31
<p>Common distribution services (CDS) Use of the distribution network for the conveyance of electricity</p>		
<p>Common distribution services-(formerly 'network services')</p>	<p>The suite of activities involved in the provision of the distribution network for the conveyance of electricity (including the service that ensures the integrity of the related distribution system) includes, (but is not limited to,) the following:</p> <ul style="list-style-type: none"> • the planning, design, repair, maintenance, construction and operation of the distribution network; • the relocation of assets that form part of the distribution network but not relocations requested by a third party (including a customer); • works to fix damage to the network (including emergency recoverable works to fix damage caused by a customer or third party); • support for another distributor distribution network service provider (DNSP) during an emergency event; • procurement and provision of network demand management activities for distribution purposes; • use of dynamic network capacity management capabilities (including communication of import and export limits) for distribution purposes • activities related to 'shared asset facilitation' of DNSP assets; • inspection of privately owned overhead low voltage or high voltage network infrastructure (i.e. privately owned distribution infrastructure before the meter); • training internal staff and contractors undertaking direct control services; • emergency disconnect for safety reasons and work conducted to restore a failed component of the distribution system to an operational state upon investigating a customer outage; • supply abolishment of basic connection; • dial before you dig services; • bulk or boundary supply point metering – activities relating to monitoring the flow of electricity through the distribution network; • establishment and maintenance of National Metering Identifiers (NMI) in market and/or network billing systems; • investigation of customer-reported network faults; • rectification of simple customer faults where: <ol style="list-style-type: none"> 1. the need for rectification work is discovered in the course of the provision of distribution services 2. the work performed is the minimum required to restore safe supply 3. the work can be performed in less than thirty minutes and does not normally require a second visit; • work related to a regulated stand-alone power system (SAPS) deployment, operation and maintenance (including fault and emergency repairs), and customer conversion activities; and • provision of network data 	<p>Standard control</p>

Service group	Service description	Proposed classification 2026-31
Connection application related services	Activities include: <ul style="list-style-type: none"> assessing connection applications or a request to undertake relocation of network assets as contestable works and preparing offers; processing preliminary enquiries requiring site specific or written responses; undertaking planning studies and associated technical analysis (e.g. power quality investigations) to determine suitable/feasible connection options for further consideration by applicants; site inspection in order to determine the nature of the connection service sought by the connection applicant and ongoing co-ordination for large projects; and registered participant support services associated with connection arrangements and agreements made under Chapter 5 of the NER. 	Alternative control
Access permits, oversight and facilitation	Activities include: <ul style="list-style-type: none"> a DNSP issuing access permits or clearances to work to a person authorised to work on or near distribution systems including high and low voltage; a DNSP issuing confined space entry permits and associated safe entry equipment to a person authorised to enter a confined space; a DNSP providing access to switch rooms, substations and the like, to a non-distributor party who is accompanied and supervised by a distributor's DNSP's staff member. May also include a distributor DNSP providing safe entry equipment to enter difficult access areas; specialist services (which may involve design related activities and oversight/inspections of works) where the design or construction is non-standard, technically complex or environmentally sensitive and any enquiries related to distributor DNSP assets; facilitation of generator connection and operation of the network; activities related to 'shared asset facilitation' of distribution assets; facilitation of activities within clearances of a distributor's DNSP's assets, including physical and electrical isolation of assets; and sales of approved materials/equipment to third parties for connection assets that are gifted back to the distributor DNSP to become part of the shared distribution network. 	Alternative control
Notices of arrangement and completion notices	<ul style="list-style-type: none"> A Distributor may be required to perform Works of an administrative nature where a local council requires evidence in writing from the distributor DNSP that all necessary arrangements have been made to supply electricity to a development. This may include but is not limited to: receiving and checking subdivision plans, copying subdivision plans, checking and recording easement details, site visits, assessing supply availability, liaising with developers if errors or changes are required and preparing notifications of arrangement. A Distributor may also be required to provide Provision of a completion notice (other than a notice of arrangement). This applies where the real estate developer requests the Distributor DNSP is requested to provide documentation confirming progress of work. Usually associated with discharging contractual arrangements (e.g. progress payments) to meet contractual undertakings. 	Alternative control
Network related property services	Activities include: <ul style="list-style-type: none"> Network related property tenure services such as property tenure services related to providing advice on, or obtaining: deeds of agreement, deeds of indemnity, leases, easements or other property tenure in relation to property rights associated with a connection or relocation; and Conveyancing inquiry services relating to the provision of property conveyancing information at the request of a customer. 	Alternative control

Service group	Service description	Proposed classification 2026-31
Network safety services	<p>Examples include:</p> <ul style="list-style-type: none"> provision of traffic control and safety observer services by the distributor DNSP or third party where required; fitting of tiger tails (covering of LV mains) and aerial markers; high load escorts; customer or third-party initiated outage (e.g. to allow customer and/or contractor to perform maintenance on the customer's assets, work close or for safe approach); and customer requested site visit relating to location of underground cables/assets. 	Alternative control
Customer requested network outage or rescheduling of a planned interruption –Customer requested	<p>Examples include:</p> <ul style="list-style-type: none"> customer initiated network outage (e.g., to allow customer and/or contractor to perform maintenance on the customer's network assets; and where the customer requests to move a distributor DNSP planned interruption and agrees to fund the additional cost of performing this distribution service outside of normal business hours. 	Alternative control
Customer requested provision of electricity network data	<p>Requests for the provision of electricity network data requiring customised investigation, analysis or technical input (e.g. requests for zone substation data), where there is no demonstrable net benefit to the distribution network.</p>	Alternative control
Fault response (not DNSP fault)	<p>Attendance at a customer's premises where it is determined that the fault was not related to the distributor's DNSP's equipment or infrastructure.</p>	Alternative control
Mandatory provision of essential system services	<p>Activities include:</p> <ul style="list-style-type: none"> interruption or curtailment of generation of embedded generating units connected to the distribution system at AEMO's direction to manage minimum system load (MSL) risks, as part of Victoria's Emergency Backstop Mechanism; and interruption or disconnection of supply to premises at AEMO's direction to manage under-frequency load (UFL) risks; and other activities required to provide mandatory essential system services. 	Standard control
Non-mandatory provision of essential system services	<p>For contracted essential system services (ESS) provided to AEMO. ESS refers to services required by AEMO to manage ongoing power system security, such as but not limited to Reliability and Emergency Reserve Trader services, frequency control ancillary services, system strength, inertia and other system security requirements.</p>	Standard control
Network data and advice	<p>Activities include:</p> <ul style="list-style-type: none"> specific data requests by customers or third parties for network data beyond the scope of SCS provision; and advice related to network data where customers or third parties are unsure of the data they require to meet their needs; advice related to network data where customers or third parties seek further understanding or interpretation of data 	Alternative control
Metering services		
Type 1 to 4 metering services	<p>Type 1 to 4 metering installations, including the instrument transformer (as per the definition of a 'metering installation' in Chapter 10 of the NER) and supporting services are competitively available.</p>	Unclassified
Types 5 and 6 meter (including smart meter) maintenance, reading and data services where the Distributor DNSP is responsible	<p>Activities include:</p> <ul style="list-style-type: none"> recovery of the capital cost of type 5 and 6 metering equipment (including meters with internally integrated load control devices) including meter maintenance covers works to inspect, test, maintain and repair metering installations; 	Alternative control

Service group	Service description	Proposed classification 2026-31
	<ul style="list-style-type: none"> • distributor DNSP testing, inspecting, investigating, maintaining or altering existing type 5 or 6 metering installations or instrument transformers; • quarterly or other regular reading of a metering installation; • metering data services are those that involve the collection, processing, storage and delivery of metering data, the provision of metering data, remote or self-reading at difficult to access sites, and the management of relevant NMI Standing Data in accordance with the NER; and • meter exit services, including metering installation removal and disposal at the request of the customer or their agent • at the request of a retailer or metering coordinator, a distributor DNSP provides notification to affected customers, and isolates power at a customer's premises to facilitate the replacement of the existing metering installation by an external metering provider. 	
Ancillary metering services		
Ancillary metering services (Type 5 to 7 (including smart meter) where the distributor DNSP remains responsible)	<p>Activities include:</p> <ul style="list-style-type: none"> • field based special meter read (i.e. off-cycle meter reads for type 5 and 6 meters) customer requests to test, inspect and investigate, or alter an existing type 5 or 6 metering installation or instrument transformer; • remote de-energisation and re-energisation; • remote meter configuration; • remote special meter read (office based); • access to additional metering data; • non-standard metering services for Type 5 to 7 meters and any other meter types introduced; • works to re-seal a type 5 or 6 meter due to customer or third party action (e.g. by having electrical work done on site); and • change distributor DNSP load control relay channel on request that is not a part of the initial load control installation, nor part of standard asset maintenance or replacement. 	Alternative control
Type 7 metering services	Administration and management of type 7 metering installations in accordance with the NER and jurisdictional requirements. Includes the processing and delivery of calculated metering data for unmetered loads, and the population and maintenance of load tables, inventory tables and on/off tables.	Alternative control
Emergency maintenance of failed metering equipment not owned by the distributor DNSP (contestable meters)	The distributor DNSP is called out by the customer or their agent (e.g. retailer, metering coordinator or metering provider) due to a power outage where an external metering provider's metering equipment has failed or an outage has been caused by the metering provider and the distributor DNSP has had to restore power to the customer's premises. This may result in an unmetered supply arrangement at this site. This fee will also be levied where a metering provider has requested the distributor DNSP to check a potentially faulty network connection and when tested by the distributor DNSP, no fault is found.	Alternative control
Planned supply interruption – retailer requested	Retailer (or their agent) requested planned supply interruption to customer premises and subsequent restoration when providing competitive metering services	Alternative control
Embedded networks	Processing embedded network requests	Alternative control
Connection Services Services relating to the electrical or physical connection of a customer to the network		
Basic connection services	<p>Basic connections are connection services provided under Chapter 5A of the NER. Basic connection services include:</p> <ul style="list-style-type: none"> • new connections; • temporary connections; and 	Alternative control

Service group	Service description	Proposed classification 2026-31
	<ul style="list-style-type: none"> micro embedded generator connections. 	
Non-basic connection services	<p>Non-basic connections are standard and negotiated connections provided under Chapter 5 and Chapter 5A of the NER. Non-basic connection services include:</p> <ul style="list-style-type: none"> premises connection services – includes any additions or upgrades to the connection assets located on the customer's premises (note: excludes all metering services); extensions – includes an enhancement required to connect a powerline or facility outside the present boundaries of the transmission or distribution network owned or operated by a DNSP; and network augmentations – includes any shared network enlargement and/or enhancement undertaken by a distributor which is not an extension. <p>These services are subject to customer contributions determined according to the AER's most recent Connection charges guideline for electricity retail customers and the DNSP's connection policy.</p>	Standard control
Enhanced connection services	<p>Other or enhanced connection services provided at the request of a customer or third party that include those that are:</p> <ul style="list-style-type: none"> provided with higher quality of reliability standards, or lower quality or reliability standards (where permissible) than required by the NER or any other applicable regulatory instruments; in excess of levels of service or plant ratings required to be provided by the Victorian distributors DNSPs; other additional customer dedicated connection lines/assets (including reserve feeder); reserve feeder maintenance; or connections provided to multiple parties under a common process (e.g., community group upgrades); or negotiated and agreed dynamic load and export management at customer site that provide the customer greater network capacity than they would otherwise be eligible for. 	Alternative control
Connection management services	<p>Works initiated by a customer or retailer which are specific to the connection point. Includes, but is not limited to:</p> <ul style="list-style-type: none"> field base de-energisation and re-energisation; service truck visit (including wasted truck visit); basic connection alterations – customer initiated rearrangement of connection assets serving that customer and there is no material change to the load characteristics (e.g. replacement of the existing overhead service as a result of a point of attachment relocation); non-basic connection alterations – customer initiated rearrangement of connection assets serving that customer (e.g. remove or reposition connection assets including cables and substation within the customer's premises); protection and power quality assessment; supply enhancement of basic connection services (e.g., upgrade from single phase to three phase) in areas not identified as electrification zones in this regulatory period;²² customer requested change requiring secondary and primary plant studies for safe operation of the network (e.g., change protection settings) 	Alternative control


²² AusNet is considering a potential strategy to facilitate the greater transport and gas electrification of some rural areas over the course of the forthcoming regulatory period with a greater goal providing the same level of supply service across our entire network over the next two subsequent regulatory periods. Part of this strategy involves augmenting single phase, single wire earth return (SWER) line and other low capacity network assets to provide multiphase higher capacity connection more suited to the full electrification of residential transport, heating and cooking. As part of our regulatory proposal, we will consult with our customer engagement panels to understand whether customers support it and amend our F&A accordingly.

Service group	Service description	Proposed classification 2026-31
	<ul style="list-style-type: none"> • upgrade from overhead to underground service (elective undergrounding) • rectification of illegal connections or damage to overhead or underground service cables • calculation of a site specific distribution loss factor on request in respect of a generating unit up to 10 MW or a connection point for an end-user with actual or forecast load up to 40 GWh per annum capacity, as per clause 3.6.3(b1) of the NER. 	
Public lighting		
Public lighting	<ul style="list-style-type: none"> • Operation, maintenance, repair and replacement public lighting services • Alteration and relocation of public lighting assets • New public lighting services incl. greenfield sites & new light types (distributor DNSP provided). • Provision, construction and maintenance of emerging public lighting technology. 	Alternative control

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FRAMEWORK AND APPROACH WORKSHOP

Outcomes report

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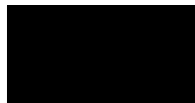
REPORT

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Nicola Wass



1 June 2023

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1 EXECUTIVE SUMMARY

This report provides an overview of the feedback provided to the Victorian electricity distribution businesses (VICDBs) from participants at the Framework and Approach Workshop, held on Thursday 18 May 2023. This online workshop is the first step of the 2026-31 price reset regulatory proposals process, where the VICDBs consider whether there should be any changes to the services that they provide as distributors. Any changes will be proposed to the Australian Energy Regulator (AER) through the Framework and Approach (F&A) process.

Under the National Electricity Rules (NER), VICDBs must submit electricity distribution price reset proposals to the AER by 31 January 2025 for the 5-year regulatory control period from 1 July 2026 to 30 June 2031. The AER considers the proposals and, following its review, outlines the maximum revenues that the Victorian electricity distribution businesses can receive.

The first stage in the determination process is the setting out the F&A for the 2026–31 period.

The five Victorian electricity distributors have decided to come together and engage collectively on the F&A process as they will be tackling state-wide issues, and feel it makes sense to develop a state-wide response.

Workshop participants contributed to facilitated activities and discussions and shared their insights on the key discussion areas identified by the VICDBs.

Overall, the participants identified the following themes as key areas across all topics:

- Managing the risks and costs around service offerings and striking the right balance
- The role of the VICDBs – what are the key services they really need to provide?
- Need to share further detail and data on the problems that are trying to be solved.

Further detail on these topics is shared below.

Managing the risks and costs around service offerings and striking the right balance

Participants in the workshop identified several gaps and concerns related to managing risks and costs around service offerings and finding the right balance. One major concern is equity in services and remuneration, highlighting the need to ensure fairness in the distribution of services and compensation. Additionally, participants recognise the potential for distributors to play a role as innovators, emphasising the importance of exploring their involvement in service offerings.

When discussing the provision of export services, the discussion primarily revolved around cost and fairness. Promoting competition and ensuring a level playing field was closely tied to sharing network data, with participants acknowledging the interconnected opportunities in this area. Questions arose regarding how the distribution network addresses these concerns and whether the government should play a role. Determining fair and equitable charges, conducting proper assessments, and measuring export services were also areas of uncertainty.

When considering VICDBs potential role in providing essential system services, the key consideration was only doing so if it offered customers the lowest cost possible. Some participants believe that if VICDBs can offer lower-cost services, they should, but they argue against classifying it through the F&A process. The risks and costs associated with providing services through voltage management need to be better understood, and the potential transition of Energy Storage Systems (ESS) from a transitional to a standard control service was proposed. The value to the average consumer and the facilitative role of networks in transitioning to renewables were also discussed.

In terms of network data sharing and advisory services, participants agreed on the need to recover costs for providing data to consumers and other parties. The increasing collection of data and its potential benefits to the industry were acknowledged, but the challenge lies in managing the cost of providing data while demonstrating clear consumer value.

Whilst discussing the gap in the ability to unlock value from batteries without contracting costs, participants agreed that unregulated revenue should be returned to customers, and there was a discussion about whether networks should own batteries or procure them from a competitive market.

In the provision of new electricity services in regional areas, the question of cost-sharing and cross-subsidisation arises due to potentially prohibitive costs. Finally, some participants felt the provision of stand-alone power systems (SAPS) requires clarity from distributors regarding where the benefits lie.

The role of the VICDBs – what are the key services they really need to provide?

Throughout the workshop there was challenge from some participants to VICDBs to consider whether the services being discussed were key services that they really needed to provide. It is important to emphasise this was not a view held by all participants and the level of challenge varied throughout the workshop. In most instances there were counter views offered. However, it was a theme that ran through many of the workshop discussions.

Some participants felt there was a blurring of services and distinct boundaries had been removed. It was highlighted that The participation of VICDBs in service delivery depends on the competitiveness of the service and the level of market development. There was a question about what falls within the remit of the VICDBs (compared to others in the space, especially considering the increasing complexity of areas such as batteries, SAPS, and transmission).

When discussing the potential provision of essential system services, some participants highlighted that Essential system services are not classified as competitive services. It was felt that if Distribution Network Service Providers (DNSPs) can provide services at a lower price, they should do so in a competitive market as an unregulated business. One participant felt the current ban on distributors supplying Essential System Services (ESS) under ring fencing should be maintained.

With regards to the provision of network data sharing and advisory services there were some concerns about distributors' ability to effectively manage data based on their past performance. There were questions about whether distributors were adopting a "build it and they may come" approach similar to the National Broadband Network.

Whilst a potential role for VICDBs in ability to unlock value from batteries without contracting costs was considered some participants were unsure if networks should own batteries at all and for what purpose. Additionally, concerns were raised about ensuring that the benefits of these assets are passed on to consumers, with the suggestion that all unregulated revenue should be returned to customers.

In terms of providing new electricity services in regional areas, some felt that is was not the role of VICDBs to offer services like EV charging stations. Some participants argued that regional customers and services should not be supported or subsidised by distributors or other electricity users, suggesting that these services should be handled by the government outside the electricity system.

Overall, the workshop discussions highlighted differing views on the boundaries of VICDBs responsibilities. There were contrasting views on various aspects, emphasising the complexity and challenges involved in defining the role of VICDBs.

Need to share further detail and data on the problems that are trying to be solved.

Participants in the workshop expressed the need for further detail and data regarding the problems that were being addressed. They sought clarity on the gaps and the specific problems that were being solved. One participant questioned the gaps mentioned in the pre-read material and raised doubts about whether vertical integration was the most suitable solution. There was a request for clarification on the concept of export services and what it entails.

Regarding the capacity to provide essential system services (ESS), some participants emphasised the importance of understanding the risk being considered and the problem that is being solved. They highlighted the lack of information on how much cheaper distributors could provide the service and the absence of a pressing need to change the current provision of ESS. Some participants expressed a concern about fully understanding the scope and dimension of the problem and whether it poses an increasing risk.

In terms of unlocking value from batteries without incurring costs, VICDBs were urged to identify barriers to compensation across the battery stack. Some participants felt there was a need to clearly define the problem statement and determine if there was a market failure that needed to be addressed.

Overall, participants emphasised the need for more detailed information, data, and clarification to better understand the problems being addressed, assess risks, and identify suitable solutions.

REPORT

The findings of this report will be shared with VICDBs for their consideration and to inform their thinking about what they could do differently as they embark on the 2026-31 Price Reset regulatory proposals process.

2 WORKSHOP OVERVIEW

2.1 Overview

The Victorian electricity distributors are developing their regulatory proposals, in which they will propose future plans on how to operate and maintain the electricity networks. The Australian Energy Regulatory (AER) will then assess these proposals and determine whether the distributors may include the investment required for those future plans in their network charges to customers.

To support this process, the VICDBs have embarked on an engagement program to understand stakeholder and customers perspectives about the issues the distributors are seeking to address through the provision of new services. This engagement program will help to inform the development of state-wide recommendations to consider whether there should be any changes to the services that the VICDBs provide.

The VICDBs used this workshop to seek insights to inform and help shape their response to the F&A process as they embark on the 2026-31 price reset regulatory proposals process.

We are amid an energy transition that is transforming the way customers think and interact with the energy distributors, but it is also creating gaps in the provision of some key services energy consumers need and expect. This workshop provided the VICDBs an opportunity to seek feedback from customers to help consider what role they may play in meeting these gaps, the way they and the market provide services and what it would mean for customers if there was a change to the services provided.

This is the first of two workshops in this series. The insights shared during this first workshop will be used to inform VICDBs thinking about what they could do differently. Later in the year, the same participants will be invited to another workshop when VICDBs will share how they have responded to participants ideas and to test those proposed options with the group.

2.2 Workshop objectives

The objectives of this first workshop were to:

- Share the service gaps the Victorian electricity distributors have identified and consider if they should play a role in meeting them.
- Develop an understanding of the implications for customers if Victorian electricity distributors changed or provided new services.
- Capture participant insight that can be used to shape VICDBs response to the F&A process, which will set the parameters for the services that Victorian distributors provide over the 2026-31 period.

2.3 Workshop Participants

The VICDB's identified participants through a state-wide advertisement of an Expression of Interest (EOI) to participate' to ensure visibility and transparency of the session, additionally VICDBs circulated the EOI within networks and invited known key stakeholders. Finally, The Department of Environment, Energy, and Climate Change (DEECA) and AER representatives were invited directly.

The following participants attended the workshop:

Table 1: VICDB Representatives

VICDB Representatives	
Name	Organisation
Eliza Cochrane	AusNet
Justine Betlehem	AusNet
Sonja Lenkovic	Ausnet
Charlotte Eddy	AusNet
Brent Cleeve	CitiPower Powercor
Chris Gilbert	CitiPower Powercor

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VICDB Representatives

Renate Vogt	CitiPower Powercor
Ana Dijanosic	Jemena
Matthew Serpell	Jemena
Louise Baring	Jemena

Table 2: Participants

Participants			
Name	Organisation	Name	Organisation
Bradie Cetin	SE (Jemena EOI)	Lynne Chester	AusNet stakeholder representative
Constantine Noutso	Red Energy	Mark Grenning	AusNet stakeholder representative
David Markham	Energy Council	Matthew Mullins	CGI
David Prins	CCP	Meg Zerafa	AER
Gary Davis		Neil Watt	CGI (Jemena EOI)
Helen Bartley	CAP Member PoweCor	Paul Englund	CGI (Jemena EOI)
James Alexander	DEECA	Pedro De Sousa Carmo	CGI (Jemena EOI)
Ken Holder	KPMG	Peter Warren	CGI
Kieran Donoghue	AusNet stakeholder representative	Seb Rattansen	DEECA
Lawrence Irlam	Energy Australia	Tony Robinson	AusNet stakeholder representative / AusGrid consultative forum chair
Lynda Osborne	CAP Member PoweCor	Winnie Waudou	CAP Member PoweCor

2.4 Workshop process

Timing: 1:30pm to 4:30pm

Location: Online via Zoom

Facilitator: Rikki Butler, Director – Communications and engagement, RPS

Support facilitator: Elly Baker, Consultant – Communications and engagement, RPS

To ensure the most effective use of participants' time during the workshop, all participants were given a pre-read pack to provide context and information about the topics being discussed. The workshop involved a series of short presentations about each topic under consideration, followed by small group discussions, facilitated through four smaller breakout rooms. To support the active involvement of all participants during small group discussions, representatives from the VICBDs were allocated to each of the four breakout rooms to facilitate conversation and activities, and to hear participant insights firsthand. At the end of each small group discussion, outcomes were shared with the plenary group. The outcomes of these workshop discussions follow.

3 WHAT GAPS HAVE PARTICIPANTS IDENTIFIED?

At the start of the session the VICDBs detailed the massive transformation the energy system and market are undergoing, highlighting that these changes are, in some situations, creating service gaps that have not been met.

Participants were split from the main Zoom group in-to four breakout rooms, where they were invited to discuss which gaps they had identified in the energy market, before returning to the main channel to provide their feedback to the wider group.

3.1.1 Key areas of discussion

- Participants needed clarity around what the gaps are, and the problems they are trying to solve.
- Participants are concerned with equity in services and remuneration.
- There is blurring of services and removal of some of the distinct boundaries.
- Concerns around management of land functions are handled, especially rural.
- Concerns around data management.

3.1.1.1 Room one

Summary of key points shared by participants in this room:

- One participant expressed uncertainty about the gaps addressed in the pre-read material and questioned if vertical integration is the most suitable solution.
- The AER has the capacity to grant waivers, but the early response has hindered the growth of the emerging market.
- Some participants believe that there are currently no gaps. However, the issue lies in the low adoption of technologies.
- The opportunity to conduct trials and learn is considered appropriate in the F&A, rather than prescribing a specific solution.
- Stand-alone power systems (SAPS) fall under a regulatory framework where it is more economically viable than maintaining the network.
- The participation of VICDBs in service delivery depends on the competitiveness of the service and the level of market development.
- For instance, one participant agreed with Ausgrid's proposal that there is no competitive market for batteries due to the absence of other participants.
- Exploring the role of distributors as innovators is deemed worthwhile.
- Gaps were identified in the context of batteries.
- Promoting competition and ensuring a level playing field are connected to sharing network data, with opportunities being interconnected.
- VICDBs possess expertise in assisting customers with managing Distributed Energy Resources (DER) during network changes, which one participant finds beneficial. It would be useful to explore the value provided to customers and consider alternative approaches.

3.1.1.2 Room two

Summary of key points shared by participants in this room:

- Further exploration is needed regarding dynamic tariff rates and arrangements involving the aggregation of assets, such as virtual power plants.

- Participants requested clarification on the concept of export services and what it entails.
- One participant questioned the boundaries of advisory services but considered it potentially valuable.
- Sharing distributors' intellectual property (IP) in data is seen as advantageous for everyone involved.
- The delivery of land management functions by distributors, particularly for rural distributors, is not recognised by the AER.
- There is a lag in recognising these functions in the electricity sector compared to other infrastructure industries.

3.1.1.3 Room three

Summary of key points shared by participants in this room:

- The distinction between market and network services is becoming more blurred and complex.
- There is a question about what falls within the remit of the VICDBs (compared to others in the space, especially considering the increasing complexity of areas such as batteries, SAPS, and transmission).
- The question arises whether the VICDBs should offer new services directly or act as an enabler for other participants to utilise the platform, such as through DSO (Distribution System Operator) models.
- Alternatively, there is a consideration of whether the VICDBs should provide services to retailers, who would then pass them on to the customers.

3.1.1.4 Room four

Summary of key points shared by participants in this room:

- Data management: Managing data and intelligence derived from the distribution system's intellectual property (IP) for the benefit of consumers and businesses.
- Land management services: Addressing transmission and distribution concerns on privately or state-owned land, including associated environmental issues.
- Dynamic Tariff renting: Implementing flexible tariff rates that can adjust based on specific conditions or factors.
- Aggregated assets: Consolidating and effectively managing various assets within the distribution system.

4 GAPS THE ELECTRICITY DISTRIBUTORS HAVE IDENTIFIED

The remainder of the session was broken down in to six key discussion topics or service 'gaps', as identified by the VICDBs.

4.1 Gap in the provision of export services

Chris Gilbert, Senior Regulatory Analyst, CitiPower, PowerCor & United Energy, presented an explained the gaps in the provision of export services to the plenary group, before breaking them out in to their four smaller groups to discuss the two following questions:

- a. What are the key things the electricity distributors should consider when developing their approach to addressing this gap?
- b. Should export and consumption services have the same or differing arrangements?

4.1.1 Key areas of discussion

- Participants generally support the two-way pricing model.
- Participants are most concerned about cost and fairness, and were concerned with the following areas:
 - How does the distribution network address this or is it left to government?
 - How do we make the charges fair and equitable?
 - What assessment is needed?
 - How do we measure export services?
- What do connection agreements lead customers to expect?
 - What local conditions are, what network requirements and constraints are (regional, rural, city), how expansions and other factors affect services.

4.1.1.1 Room one

Summary of key points shared by participants in this room:

- Some participants advocate for export charging, using NSW Tariff Structure Statement (TSS) as an example, to enable two-way pricing that is considered equitable.
- Concerns are raised about potential adverse impacts on other customers if some customers choose to upgrade their own services.
- There is an opportunity to demonstrate that customers would benefit from export charging, particularly highlighting the positive outcomes for SA Power Network's (SAPN's) customers who can export energy most of the time.
- Dynamic export, combined with price signals in collaboration with retailers, allows customers to receive the desired value.
- It is plausible to consider discrete pricing for select customers rather than universal regulated services.
- Collaboration with VICDBs is ongoing to finalise the two-way pricing policy.
- Flexible exports would be beneficial in supporting the network during periods of minimum demand and addressing network challenges.
- Simplicity in implementation was emphasised.
- Time of Use (ToU) tariffs have been significantly reduced.
- Fairness in the charging mechanism is deemed important.

- The cost burden would vary based on the network location (rural vs. urban) and affordability considerations.

4.1.1.2 Room two

Summary of key points shared by participants in this room:

- Fair treatment of customers who are unable to export excess energy is important.
- There was a discussion around whether customers should have a right to a certain level of export services.
- Distributors, specifically VICDBs, should establish a common process for managing customer eligibility for export rights, emphasising the need for clear expectations.
- Recent changes to the Connection Charging Guidelines have addressed some of the concerns raised by distributors.
- Ensuring customer rights to the benefits of exporting when the distributor lacks the necessary capacity is a key consideration.
- Two scenarios for no exports exist: customers on single-wire earth return/high voltage (SWER/HV) single phase and potential future augmentation for future export capacity. Clear communication for each circumstance is essential.
- Participants hold differing views on whether the conditions of export and load should be treated differently.
- The expectations set by connection agreements require examination.
- Challenges are identified for people in rural areas who are likely to face restrictions or limited export capacity.

4.1.1.3 Room three

Summary of key points shared by participants in this room:

- Defining and incentivising the export service requires consideration of the reporting framework, service levels, and potential incentives.
- The feasibility of establishing a minimum standard for all customers across the network should be examined.
- Exploring additional services beyond the minimum standard is important.
- Ensuring transparency, avoiding surprises for customers, and meeting their expectations are key objectives.
- Determining the right to control power paths should take into account the impacts on assets.
- Revenue recovery sources should be analysed, comparing revenue from exports versus consumption.
- Strong emphasis was placed on the equity issue by several participants.
- Clarity is needed regarding the roles of VICDBs versus government decisions. Network efficiency should be set by the network, while the government should consider equity aspects.
- International examples such as California's Electric Vehicle (EV) tariffs and the Netherlands' access to solar photovoltaic (PV) for renters were mentioned.

4.1.1.4 Room four

Summary of key points shared by participants in this room:

- Network visibility and data access from the distribution point of view are crucial, along with considerations of data sharing.
- Reducing expenses is important for market participation.
- Simply providing more data is not a game changer; data should be driven by business needs.
- The structure of data should not be overly rigid.
- Caution is advised to avoid a lack of competition and potential failure.
- Multiple approaches exist for service provision.
- Efficient delivery of services is essential, and costs should be appropriately allocated.
- Land management services and the blurring of service boundaries were significant topics.
- Essential services should be based on merit rather than being available to everyone.
- The absence of entitlement in export services is viewed positively.
- Clarity is needed regarding the services provided by DNSPs (Distribution Network Service Providers).
- Rules should be fair for solar customers, as well as for those without solar (e.g., renters or individuals without capital).
- There is an optimal level of exports, and surplus energy can be released back into the grid.
- The decarbonisation of society is a driving factor behind these discussions, aiming to maximise export capacity.
- Consumers participating in export services must take on responsibilities, such as adapting to different tariffs and enabling demand-side response/control.
- Clarity and fairness are crucial to ensure a level playing field and accommodate exporting activities.
- The system of exporting needs to be effectively managed, including setting thresholds and measuring exports against minimum standards.
- Network constraints arise when expansions are taking place.
- SAPN's two-way pricing model was mentioned.
- Fair charging mechanisms need to be established.

4.2 Gap in the capacity to provide essential system services

Justin Betlehem, Acting Compliance Manager, AusNet, presented on the importance of providing essential system services and the intersection between renewables, ensuring systems are safe and reliable, and the role distributors could play in meeting the capacity gap.

The participants were then asked the following questions in their breakout groups:

- Should Victorian distributors help to meet this gap?
- What are the considerations for their customers?

4.2.1 Key areas of discussion

- Participants expressed the need to understand the risk that is being considered and the problem that is trying to be solved.
- Having the lowest cost possible was generally a key area for the plenary group.

- Some participants expressed views that if VICDBs think they can provide lower cost services, they should, but these participants felt it should not be a classified service under the F&A.
- Some participants were concerned about the use of shared assets and allocation of subsequent costs.
- Some participants had concerns around the lack of communication and understanding of the topic with customers.
- The common theme was there is no defined yes or no answer here – depends a lot on how VICDBs navigate this area.

4.2.1.1 Room one

Summary of key points shared by participants in this room:

- Essential system services are not classified as competitive services.
- VICDBs can utilise existing assets as long as regulated customers receive all the benefits, following the updated standard AER rules.
- In the UK, industry experts have allowed Distribution Businesses (DBs) to participate but considered potential harms.
- If Distribution Network Service Providers (DNSPs) can provide services at a lower price, they should do so in a competitive market as an unregulated business.
- Risks and costs associated with providing services through voltage management need to be understood.
- The effectiveness of dynamic voltage control was questioned, highlighting the absence of its implementation in South Australia.
- Essential services are not solely unregulated; they are a central aspect of VICDBs' responsibilities to maintain a safe and reliable network.

4.2.1.2 Room two

Summary of key points shared by participants in this room:

- The current ban on distributors supplying Essential System Services (ESS) under ring fencing should be maintained. ESS is considered a contestable service and should not be provided as a regulated service.
- The case for distributor involvement in ESS depends on how much cheaper distributors could provide the service, and this information has not been presented.
- New generators have an interest in not destabilising the grid, which incentivises them to bring their own inertia.
- The efficiency of distributors in providing ESS compared to other contestable providers is a question to consider.
- It was proposed that ESS could initially start as a transitional service provided by the contestable market and gradually evolve into a standard control service.
- The provision of ESS is seen as a risk management issue. Distributors argue that they can provide it most efficiently, but there is currently no pressing need to change the current provision of ESS services. The question is whether the growing risks would support the entry of a regulated solution.
- The departure of fossil fuel generators from the system could serve as a trigger point for increased risk. Currently, only new generators are required to provide ESS, not existing ones.
- Residential inverters are also contributing to inertia issues, and the cost burden is being borne by new wind farms and solar installations. This is an argument for distributor involvement in ESS.

4.2.1.3 Room three

Summary of key points shared by participants in this room:

- The focus is on delivering services to end users in the most affordable way possible, with consideration for minimum costs and identifying the entities capable of providing these services.
- There was a discussion about whether there is a smaller incremental cost for Transmission Network Service Providers (TNSPs) to offer certain services, such as block PV to address minimum demand issues.
- There is a suggestion for VICDBs to take an active role in managing investments and not solely rely on the government, presenting an opportunity for VICDBs to address issues themselves.
- Concerns were raised regarding the use of customers' assets, including the need to address issues related to ringfencing, potential turf wars, and the possibility of cross subsidies. Engagement with retailers and generation companies is seen as crucial.
- Strong cost controls are advocated for, with the expectation that regulated assets should not be used to generate unregulated revenue.
- The level of awareness and concern among customers about these issues and services is questioned. It is proposed that VICDBs should communicate with customers about the services they provide, while ensuring clarity and avoiding confusion.
- Communication is considered important, recognising that customers are diverse, including commercial and industrial (C&I) customers, residential customers, and those in remote areas.
- Cost considerations are emphasised, highlighting the importance of finding efficient and prudent solutions.
- The discussion included consideration of the impact of VICDBs at the connection point versus beyond the connection point, suggesting a need to clarify their roles and responsibilities.

4.2.1.4 Room four

Summary of key points shared by participants in this room:

- There was a discussion about the potential cost advantages of Distribution Network Service Providers (DNSPs) and transmission providers in delivering services.
- Considerations were raised regarding reimbursement for customers who introduce stability into the network through their installations (e.g., solar or wind) and the potential costs passed onto consumers.
- The focus was on reducing overall costs and exploring the possibility of DNSPs providing services cheaper, potentially allowing them to expand their role in the energy sector.
- The value and benefit to the average consumer, as well as the role of networks in facilitating a smoother transition to renewables, were considered.
- The issue of ringfencing and the need to mitigate risks and ensure fast frequency response were discussed.
- The role of the Australian Energy Market Operator (AEMO) and Transmission Network Service Providers (TNSPs) was mentioned.
- There is a call to define the actual services and pursue cost reduction as a priority.
- The non-classified nature of the service under the F&A was highlighted.
- The use of existing assets under voltage control and the question of whether customers should pay for them through the Regulated Asset Base (RAB) was raised.
- The importance of delivering cheap and reliable energy is emphasised.
- There is a concern about fully understanding the scope and dimension of the problem and whether it poses a growing risk.

- The need for a reliable and secure operating network is emphasised, highlighting the importance of considering it as more than just an unregulated service.

4.3 Gap in the provision of network data sharing and advisory services

Chris Gilbert, Senior Regulatory Analyst, CitiPower, Powercor & United Energy, presented to the plenary group on monitoring systems that collect data on usage, power quality and network operations at higher voltages. Chris explained the growing demand for data access requests and how it can help customers and providers.

The breakout groups were asked to consider the following questions:

- Should data sharing and advisory services become a key service that the electricity distributors offer to customers?
- What are key things they should consider when making this decision?

4.3.1 Key areas of discussion

- Participants agreed data is a complex topic and it would need to be managed.
 - There should be an alternate control service, rather than a standard control service.
 - Participants discussed options around how the data would be shared – whether that be through a portal, or an API which could plug in to other services.
- There was a consensus with the plenary group that there is a need to recover the costs to provide data to consumers or other parties for various requests.
- Managing privacy was a key concern.
- Third party access to data sets would open up more opportunities over time.
- Participants agreed there is a need for an advisory service to match the right needs to right data, given the complexities of the topic.

4.3.1.1 Room one

Summary of key points shared by participants in this room:

- The collection of data is increasing, and its potential benefits to the industry are not fully defined.
- There is support for making data available and accessible, but the cost of providing data needs to be managed in a way that demonstrates clear consumer value.
- There is no objection to providing data services as long as they are not classified as Socialised Communication Services (SCS). The costs of providing data are believed to be lower than the value derived from it.
- Networks have shown commitment to sharing datasets with third parties, and there was a discussion about the need for data strategies and opportunities to unlock value for consumers.
- There is a debate between providing a basic service offering versus a more advanced offering, with considerations for privacy and the methods of data sharing (portal or API).
- It is important to consider the data needs of stakeholders and consumers, matching the data provided to their specific requests, and ensuring the format of the data is suitable for their use.

4.3.1.2 Room two

Summary of key points shared by participants in this room:

- There are concerns about the ability of distributors to effectively manage data, given their past performance in this area.

- The focus should be on determining the intelligence and information that distributors intend to provide, who the intended recipients are, and their specific needs and preferences.
- There is a perceived gap in translating data into customer-friendly information, which could be addressed through an advisory service.
- There is a concern about the potential for distributors to create a "gold-plated" data service that may not align with customer needs or provide value for money.
- It is necessary to establish a clear distinction between regulated data services and value-add services and define the expectations for each.
- Distributors' existing processes are seen as clunky and siloed, which hampers efficient data provision.
- There are questions about whether distributors are adopting a "build it and they may come" approach similar to the NBN (National Broadband Network).
- The discussion also raises the question of whether distributors should be obligated to provide the data interface without necessarily storing the data themselves.
- The accuracy of distributor data is questioned, and there is a suggestion to provide incentives for improvement in this regard.

4.3.1.3 Room three

Summary of key points shared by participants in this room:

- There is a need to differentiate between providing data for compliance purposes and providing data for other purposes, to ensure clarity and avoid blurring the lines.
- There is a push to make data available and accessible, but with privacy controls in place and ensuring that it is used for the right purposes.
- In comparison to NSW, there may be less access to smart meter data than in Victoria, leading to different considerations and potentially different cost implications.
- There are a range of stakeholders who require access to data, including investors and individuals making commercial or residential investment decisions.
- Privacy concerns should be addressed by ensuring that data is deidentified before being shared.
- There could be a fee-for-service approach where data collection – this is taking away from the core businesses but is part of the current operating environment.
- Principles for sharing data and determining when to charge for it would need to be agreed upon across the sector.
- It is important to recognise the interpretation of data may vary, and there may be other organisations providing their own advice and interpretations. There is a need to consider the distinction between explaining and interpreting.

4.3.1.4 Room four

Summary of key points shared by participants in this room:

- The outcomes of the major review of privacy legislation should be considered in the context of data sharing.
- The distinction between identifiable and de-identifiable data needs to be clarified.
- Ongoing value for customers can be derived from accessing data, such as identifying leaks or improving decision-making.
- Ethical and moral considerations around data sharing and information privacy need to be addressed.
- Publishing data, within privacy constraints, can facilitate the entry of new businesses and players into the ecosystem.
- Enabling consumers to make better decisions is of paramount importance.

- Data should ideally be shared through an Application Programming Interface (API) in a reusable format, preferably in a de-identifiable manner.
- The need for ad hoc data requests should be reassessed.
- The broader benefits of data sharing and customer rights should be considered.
- Data management is complex, encompassing various types of data across different systems.
- Costs associated with data provision need to be recovered, while managing the perception of paying for data.
- Access to data can provide customer benefits and enable third-party opportunities.
- Improved data management by distributors is necessary to mitigate the risk of data inaccuracies, and incentives can be developed to encourage better data management.
- Considerations should be given to basic service offerings for data and different approaches to fees or cost recovery.
- Many customers and stakeholders have an interest in accessing data.
- Structured data publishing should be considered, while ensuring privacy protection.
- Access to data can empower consumers to make informed decisions.
- The party benefitting from data sharing should bear the costs associated with it.
- An intermediary service may be necessary to match data requests with the most relevant information.
- Providing data in the right format can minimise back-and-forth interactions.

4.4 Gap in the ability to unlock value from batteries without contracting costs

Matthew Serpell, Electricity Regulation and Compliance Manager Jemena Electricity Networks, presented to the plenary group around the challenges of value stacking of batteries and other technologies.

The breakout groups were then asked to consider the following question:

- What key things should the electricity distributors consider when developing our approach to addressing this gap?

4.4.1 Key areas of discussion

- The plenary group agreed unregulated revenue should be returned to customers.
- Participants agreed batteries will be an important part of the transition, but VICDBs need to ensure a level playing field given some parties will be getting a regulated return on their batteries and others aren't.
- The group was unsure if networks should own batteries at all, and for what purpose.
 - Batteries can be a justifiable network asset if they can defer a need for augmentation and provide ability to meet export services.
- VICDBs need to be able to identify barriers to compensating across the battery stack.

4.4.1.1 Room one

Summary of key points shared by participants in this room:

- The market could be better served if VICDBs purchase battery services rather than owning them outright. Other entities can invest in batteries, and VICDBs can then purchase the services they provide.
- Community batteries have the potential to monetise the entire value stack, but this would require the involvement of other parties.

- There was pushback from various organisations, such as Energy Consumers Australia and Clean Energy Council, regarding the recent AER batteries waiver, despite its eventual approval.
- Contracting is not seen as an issue.
- There is support for implementing proof of concept for community batteries.
- While unregulated services are acceptable, there are concerns about ensuring that the benefits of the asset are passed on to consumers. All unregulated revenue should be returned to customers.
- The Department of Environment, Energy, and Climate Change (DEECA) supports contracting services. They want to see value compensation to networks for third-party services that provide value to the network, but there is currently no mechanism in place for such compensation.
- Current regulatory arrangements do not allow networks to accurately assess the value of storage from batteries. DNSPs need to make their case and quantify the value to overcome this barrier.
- Input from third parties on how to quantify the network value of compensation for batteries is of interest.
- There is a need to address barriers to compensating services provided by batteries and accurately quantify their network service value.

4.4.1.2 Room two

Summary of key points shared by participants in this room:

- Concerns exist that distributors might cross-subsidise the cost of batteries with regulated services, which could harm the market and erode confidence.
- The value of batteries to distributors is seen primarily in grid stabilisation, and there are questions about the extent to which their capacity is available for other purposes.
- Some participants believe that distributors should focus on their core role of grid stabilisation and not expand into the battery market.
- The current permissions and roles of distributors in relation to batteries are not clear.
- Participants sought clarity on whether VICDBs are seeking a single owner for batteries or attempting to dominate the battery market.
- A participant expressed dissatisfaction with the session, as they felt there was a lack of presentation on various options with pros and cons for participants to consider. Additionally, they felt issues with the current arrangements had not been clearly explained.

4.4.1.3 Room three

Summary of key points shared by participants in this room:

- The concept of single owner batteries was discussed, with a focus on understanding how to unlock the best value through contracting out.
- There is a consideration of whether it would be more efficient to have the VICDBs as the single owner of batteries located near Zone Substation Supply (ZSS) points.
- Participants express the need for a breakdown of the advantages and disadvantages of single owner batteries compared to shared ownership models.
- Investment in batteries is seen as a way to enable more energy export and avoid augmentation.
- There is an opportunity for energy arbitrage by storing and selling electricity, which can help reduce peak demand which could be facilitated by the distribution businesses.
- Regulatory arrangements are seen as creating barriers, but there is a role for VICDBs in enabling other parties such as retailers or aggregators to participate.
- Some participants suggest that retailers could own batteries, but pricing signals should reflect network constraints to ensure efficient operation.

4.4.1.4 Room four

Summary of key points shared by participants in this room:

- The discussion revolved around the utilisation of assets, particularly batteries, and why they may not be fully utilised.
- It was mentioned that there are currently only a few batteries in operation, mostly in trial and innovation stages.
- Batteries serve two purposes: providing reliability and enabling the storage and sale of energy when it is economically advantageous.
- Batteries are considered essential for the integration of renewable energy and the stabilisation of the grid.
- There is a call for an open market and visibility in terms of how batteries can be sold and utilised.
- The value for money and the ownership of existing batteries was discussed.
- The need for addressing barriers and understanding the role of networks in owning and valuing batteries was emphasised.
- Batteries are seen as a crucial component of the energy transition, but there is a desire for a level playing field and learning from the experiences of the Federal Government.
- Concerns about cross-subsidy issues and the role of networks in stabilising the grid are raised.
- There is a question about whether networks should own batteries or procure them from a competitive market.
- The idea of conducting proof-of-concept trials and research on batteries is suggested.
- The ability to identify batteries across the battery stack and the potential for batteries to serve as a renewable identity service were also mentioned.

4.5 Gap in the provision of new electricity services in regional areas

Sonja Lekovic, Regulatory Policy Manager, AusNet presented to the plenary group on the potential unequal benefits spread the energy transition may have through regional areas.

Participants were then asked to consider the following questions in their breakout groups:

- Should the electricity distributors help meet this gap in certain circumstances/geographic areas?
- What are the considerations for their customers?

4.5.1 Key areas of discussion

- The plenary group generally agreed it's not the VICDBs role to provide services like EV charging stations, but to provide a stable, and reliable network for them to connect in to.
- The group agreed the gap of services in regional areas should be funded discreetly as an initiative out of government policy, as opposed to by networks. It's not a function of regulated controlled services.
- VICDBs have role to point out the unequal benefits that could occur across their networks as part of regulatory rests.

4.5.1.1 Room one

Summary of key points shared by participants in this room:

- No, VICDBs should not support regional customers or deliver services when the competitive market does not.
 - Should not be cross subsidised by distributors and other electricity users.
 - Should be done outside the electricity system by Government.
- Assertions about competitive meter rollout were largely inaccurate. We're talking public charging availability, not the ability to charge your car.
- Cannot solve this issue using a distributor mechanism. Far too early, penetration of EVs is low. Funded discretely through policy but not distributors.
- Distribution networks have a role to point out the unequal or inequitable areas of their networks where customers receive unequal benefits during regulatory resets.

4.5.1.2 Room two

Summary of key points shared by participants in this room:

- Example of EV in rural areas is a bad example. Rural people are less interested in EVs due to distances.
- Believe market should be first preference (three quotes) and only after that should distributors be allowed in.
- Just because an area doesn't have facilities does not mean distributors should be involved. Is the next step distributors providing hospitals, doctors etc.
- Distributors should not be seeking to add further services given they will be seeking very large price increases in 2032-37.
- Distributors should be holding back and focusing on their own efficiency rather than expanding service offerings. A view we would be shelling out money for a few rich farmers.
- VICDBs should be providing a good network for people to connect to, not provide services beyond the connection point.
- The demand is not there for the things distributors are seeking to provide like EV charging stations.
- It is not the distributors' role to police EV charging providers buying up all the spare network capacity to lock out other players.

4.5.1.3 Room three

Summary of key points shared by participants in this room:

- Could it be similar to public lighting services, so can be requested by council/government?
 - ACS charge with a relationship with retailer because DNSP cannot provide the energy but provide infrastructure as ACS.
- If mounting assets on poles so shared asset guideline.
- Are we sharing the cost/cross subsidising because cost is prohibitive?
- Government needs to play a role in this.
- Different regions could have different solutions.
- Equity issue, distributor has responsibility to explain why it is not possible to provide on commercial basis so these regions to not get left behind.
- Ensure network has the capacity to charge and can put options out there to get regulators and govt to the table – needs a national approach.

4.5.1.4 Room four

Summary of key points shared by participants in this room:

- Example of Portugal who started EV charging in urban areas and branched out to rural and regional areas (introduced it very fast).
- Comes back to cost.
- Whose responsibility is it? Government or consumers?
- Rolling out the smart metres has worked well in Victoria
- Is this a network or society issue?
- Do you want equity or build-up of EV charging stations to build up naturally?
- DBSNPs in Portugal didn't play a huge role.
- Funded discretely by Government not via the networks.
- Not the role of the distributor to provide these services.
- VICDBs could if they wanted to.
- Issues are getting more complex.
- Interesting discussion about what is the role of the DNSP.
- Providing EV chargers – no, but the infrastructure to facilitate the charging.
- DBs to point out the unequal benefits across the networks.

4.6 Gap in the provision of stand-alone power systems (SAPS)

Sonja Lekovic, Regulatory Policy Manager, AusNet, presented to the plenary group on SAPS and how they fit within the energy mix.

Participants were then asked to consider the following questions in their breakout groups:

- What are the key considerations of the electricity distributors offering SAPS, for both those customers who use them and those who do not?
- What is the role of networks in the provision of SAPS?

4.6.1 Key areas of discussion

- The plenary group generally agreed that SAPS are an important part of the electricity mix and assisted with network resilience.
- Exemptions – while the market is not there, having the exemption or allowing VICDBs to own generation is positive to making SAPS possible.

4.6.1.1 Room one

Summary of key points shared by participants in this room:

- The group noted that AEMCs consideration in this framework was the establishment of a flourishing market for those services.
- The preference to go to the market for battery services, but if no market participants are available, the distribution network service provider (DNSP) should step in and provide the service.
- Participants raised that obtaining waivers for certain requirements is not difficult.
- Recommendations to act within the existing framework of ring-fencing guidelines.
- Examples of Power Purchase Agreements (PPAs) in the UK between community generators and consumers, suggesting that a similar arrangement could be effective in the local context.

- Support for the inclusion of temporary Stand-Alone Power Systems (SAPS) after emergencies, with the responsibility for maintaining the SAPS resting with the distributor.
- Overall, the group emphasised the importance of a thriving market for battery services, while acknowledging the need for flexibility and the role of DNSPs in certain circumstances. They also highlighted the potential for innovative arrangements, such as PPAs, and the management of temporary SAPS in emergency situations.

4.6.1.2 Room two

Summary of key points shared by participants in this room:

- Distributors need to be clear where the benefits lie.
- Question whether the cost/benefit for SAPS is real.
- SAPS are about managing the potential risk of SWER lines.
- What is wrong with the current exemption process?

4.6.1.3 Room three

The group discussed the following points regarding SAPS and their integration into the network infrastructure:

- It is logical for the network to install SAPS, solar, and battery systems in remote areas for efficiency purposes.
- Addressing equity issues, there is a strong case for including SAPS on the Regulatory Asset Base (RAB) as they deliver safer and more reliable energy to remote locations.
- The transition to renewable energy requires a package of solutions that goes beyond the traditional delivery model.
- Solar and battery systems are different from diesel generation, as they are integrated with the network infrastructure. Therefore, there is a case for considering them as part of the network infrastructure.
- Instead of including SAPS in the F&A process, it was suggested to extend the current waiver, as the reasons for the waiver have already been recognised and can be extended or expanded through that process.
- There was a question about whether the cost of SAPS should be spread across all customers.

4.6.1.4 Room four

Summary of key points shared by participants in this room:

- SAPS are crucial, especially in Australia where large areas are remote and not easily connected to the grid.
- Examples from Western Australia (WA), specifically Horizon and Synergy, were highlighted due to the significant role of SAPS in the region, emphasising that SAPS will continue to be important for the foreseeable future.
- In Victoria, there is a need to address access issues in areas with long distances. Participants expressed the importance of Distribution Network Service Providers (DNSPs) improving access in these regions.
- The use of SAPS was considered preferable to Single Wire Earth Return (SWER) systems due to factors such as bushfire risks, rather than reliability concerns.
- The question was raised about whether the network should have the responsibility of managing and owning the entire SAPS.
- SAPS were seen as an economically and effectively viable solution for rural areas, helping to enhance network resilience.
- Participants noted that SAPS provide consumers with more choice in areas where options are limited.

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- It was suggested that the narrative around SAPS should change to better meet the needs of consumers.
- Reliability of service was emphasised as a critical requirement for consumers.
- Participants highlighted the importance of companies taking a holistic approach to the supply chain.
- DNSPs were encouraged to foster a greater range of service providers in regional areas, promoting competition and innovation.

5 PARTICIPANT FEEDBACK

Participants were provided an option to take a short survey at the end of the session and share their feedback.

Table 3: Participant feedback*

1. Participant feedback
Please provide us with one thing from the session you think we should stop?
Rushing through so much.
Nothing.
Could have collapsed the last topics into one
The session was well run - nothing comes to mind that should be stopped.
Chunky subjects but slots short in meeting rooms. But it enabled us to keep time.
Nothing - pace was great. Topics covered were increasing difficult which was good.
Trying to enter markets you don't have an obvious role in...
2. Please provide us with one thing from the session you think we should start?
Longer engagement on less topics.
Nothing.
More information on cross subsidies.
The session was well run - nothing comes to mind that should be started.
Was really good.
Research options to consider - to limit to questions are scope and intent.
Thinking about how you can provide data to customers and service providers to support the energy transformation - especially in those regional areas that may be "hard to reach".
3. Please provide us with one thing from the session you think we should continue?
Break outs.
I hope the session was valuable for all people involved so please continue.
Collaboration.
The timing was well managed. There was no mad rush at the end to get through final breakouts.
Good session. Every voice and perspective was heard that was brilliant.
Great format - break out groups.
Consulting with customer groups and other stakeholders on your plans.
4. Is there anything you'd else you'd like us to consider for future sessions?
Mix people more in breakout rooms.
Keen to hear how policy is shaping the outcomes..
Can't think, but definitely great.
Nothing comes to mind just yet.
Allowing more time for discussion of each topic...

*Feedback in this section is shared as provided, without edits to the copy.

6 NEXT STEPS

Findings of this report will be shared with VICDBs for their consideration and to inform their thinking around the services they provide and if there should be any changes as they embark on the 2026-31 Price Reset regulatory proposals process.

RPS will hold an internal workshop with VICDBs to understand their thinking about how they plan to take this forward. The outputs of that discussion will be used to inform the design of the second workshop in this series.

Later in the year, the same participants will be invited to a second workshop when VICDBs will present the proposed approach back to the group for testing and further consideration.

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FRAMEWORK AND APPROACH WORKSHOP

Outcomes report



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REPORT

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Kate Eskdale



28/08/2023

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Prepared for:

Victorian Electricity Distributor Businesses

AusNet, CitiPower, Jemena, Powercor, United Energy

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1 EXECUTIVE SUMMARY

To support the development of Victorian electricity distributors' 2026-31 price reset regulatory proposals, a two-part stakeholder workshop series was delivered. The workshops focused on the development of the Framework & Approach (F&A) paper, which is the first stage in the determination process. The workshops were designed to support the Victorian electricity distributors in considering what changes to distribution services should be included in their F&A proposals to the Australian Energy Regulator (AER) in October 2023.

The five Victorian electricity distributors decided to come together and engage collectively on their F&A submissions, as the F&A paper is typically state-based and consistent across the distributors in each jurisdiction.

The first workshop held on Thursday 18 May 2023 aimed to gather insights on potential changes to distribution services. The feedback shared in the first workshop was considered by the Victorian electricity distributors and used to shape their emerging proposals for the F&A paper. A copy of the full feedback report from the first workshop is available [here](#).

This report provides an overview of the feedback provided to the Victorian electricity distributors from participants at the second F&A Workshop, held on Wednesday 9 August 2023. In this second workshop the Victorian electricity distributors shared how they addressed feedback from the first workshop and their updated draft proposals for consultation.

Based on feedback from the first session, Victorian distributors provided participants with an overview of:

- distribution services they plan to propose in the F&A paper in October 2023, but in relation to which they were not seeking further participant input as feedback had already been captured and addressed.
- distribution services they are seeking to propose in the F&A paper in October 2023 but seeking further feedback from participants and discussion. These included services in relation to:
 - Data provision
 - Essential system services (ESS)

The key outputs of those discussions are summarised below.

Data provision

There was recognition of the role of Victorian electricity distributors in providing data to customers and other stakeholders. However, participants had questions about deployment, and some felt that further information was needed to be able to feedback directly on the proposed changes. Key topics included:

- ensuring the cost of providing data services is covered in a fair way and that relevant costs are allocated to those who benefit from the provision of these services. Participants discussed the benefits of data availability to households and individuals compared to larger commercial entities/communities which may request these services, and the need to better understand and articulate those benefits.
- the need to consider how the nature and volume of requests may change over time to ensure Victorian electricity distributors are able to respond adequately.
- the need to ensure data privacy and security are properly managed. Participants also queried how costs of managing data privacy and security would be recovered.

Participants identified the following benefits would result from Victorian electricity distributors providing the proposed data services:

- Data services could better inform commercial decision-making and promote business innovation, which in turn may support investment in new energy technologies and provide broad benefits to electricity consumers (e.g., lower network costs, lower wholesale electricity costs).

A participant mentioned: *“unlocking more innovative business models and better products that can share benefits of local solar and batteries with all people in the community.”*

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- Data services could support households to make better informed investment decisions about their energy, including investment in solar and new energy technologies. However, participants considered this should go hand in hand with enabling more opportunities to introduce smarter network management, such as the introduction of flexible exports.

Participants identified the following considerations and challenges:

- Participants highlighted that consideration of whether the proposed services offer value for customers would need to be framed in the context of what will already be provided before 2026 as outcomes of the AER's Network Visibility Project.
- Participants noted that one key consideration and challenge from the earlier conversation is ensuring costs of data services are allocated in a fair way.

While the above challenges were identified, participants noted that it is difficult to identify the potential challenges without having a clearer picture of what services will end up being offered, and whether as Standard Control Services (SCS) or as Alternative Control Services (ACS).

Essential system services

Participants recognised that Victorian electricity distributors may have a role in providing ESS, with many participants acknowledging potential benefits. However, participants considered further information is needed about who benefits and who pays for these services, given networks would most likely be utilising assets paid for by Victorian electricity customers.

During the workshop, one participant said: *"We know we are moving into renewable generation, that's happening, and playing devil's advocate here, if nothing is done, we're going to see blackouts, because of less inertia and system strength that aren't provided by thermal generation. As a consumer it comes down to reliability versus cost. We can't have a grid that's always blacking out, as a consumer you want electricity, we're used to being able to plug in the laptop to have it. So, for me, something has to be done. ...There is still quite a lot of work on who pays for what but the general crux of it, is it a good idea? yes, I do believe it is but there is still quite a bit of work to do there."*

Key topics included:

- the need for further information to be shared on how revenue sharing and cost allocation is managed.
A participant said: "I understand why you're doing it; I understand there is potential benefit to consumers in doing it, I think we need more information the cost allocation."
- that not all ESS are the same, and that they should not be treated the same in the F&A paper - a staged approach should be taken for the implementation of the different ESS.
- the need to ensure and demonstrate through evidence that the provision of ESS would not negatively impact electricity supply for customers such as by impacting voltage management.
- the need for further evidence that the current ring-fencing arrangements are not sufficient and that changes to the F&A are required.
- the need to ensure changes to how ESS is delivered do not provide Victorian electricity distributors with a commercial advantage over other ESS providers that runs against objectives.
- the need to give customers confidence that the AER has full visibility and oversight of how costs and revenue are allocated.

A participant said: "We are wondering how the distributors will do it, but it is also about how the AER is set up to manage it. ...It's as much of a reflection on the AER as it is the distributors to do the right thing."

2 WORKSHOP OVERVIEW

2.1 Overview

The Victorian electricity distributors are about to embark on the 2026-31 price reset regulatory proposals process. The first step of this process is to consider whether there should be any changes to the services that they provide as distributors (among other factors captured in the F&A paper). Once the distributors submit their F&A proposal to the AER, the AER will assess these proposals and make a final determination on the key elements of the F&A paper, including distribution service classification.

To help inform the development of their proposals, the Victorian electricity distributors delivered a two-part workshop series to better understand stakeholder and customer perspectives about the issues they are seeking to address through the provision of new services.

The first workshop was held on Thursday 18 May 2023. The objectives of that session were to:

- share the service gaps they had identified and put forward that Victorian distributors should play a role in addressing them
- better understand the implications for customers and other stakeholders if Victorian distributors changed existing or provided the potential new services
- capture insights that could be used to shape each distributor's F&A submission, in response to which the AER will set the parameters for the services that Victorian distributors provide over the 2026-31 period.

The feedback shared in the first workshop has been considered by the Victorian electricity distributors and used to shape their F&A submissions. A copy of the full feedback report from the first workshop is available [here](#).

The second workshop was held on Wednesday 9 August 2023. In this session, the Victorian electricity distributors shared their developing proposals and asked for stakeholder assistance to test their thinking.

The objectives of the second workshop were to:

- share the outcomes of the first F&A workshop and explain how it has shaped the Victorian electricity distributors' emerging F&A submissions
- clearly define the problems that the Victorian electricity distributors are looking to address through outstanding changes to be proposed as part of the F&A process (those not addressed in the feedback from bullet point one)
- explain emerging thinking and seek feedback on outstanding proposals to classify some new services through the F&A process (those not addressed in the feedback from bullet point one).

During the workshop, the Victorian electricity distributors provided an update on their F&A submission and topics covered in the first workshop. Based on feedback shared in the first workshop, the Victorian electricity distributors put forward the following topic areas to discuss in further detail during the session:

- Data provision
- ESS

This report details the outputs of this session. The feedback from the workshop will be used by the Victorian electricity distributors to further refine their F&A submissions.

2.2 Participants

The Victorian electricity distributors identified participants in the first workshop through a state-wide advertisement of an Expression of Interest (EOI) to participate to ensure visibility and transparency of the session, additionally they circulated the EOI within stakeholder networks and invited known key stakeholders. Finally, The Department of Environment, Energy, and Climate Change (DEECA) and AER representatives were invited directly.

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All of the participants identified through this process were invited to the second workshop – even if they did not attend the first session. Not all invited participants attended.

The following participants attended the workshop:

Table 1: Victorian electricity distributor representatives

Victorian electricity distributors representatives	
Name	Organisation
Justin Betlehem	AusNet
Sonja Lekovic	AusNet
Charlotte Eddy	AusNet
Brent Cleeve	CitiPower, Powercor and United Energy
Chris Gilbert	CitiPower, Powercor and United Energy
Lyle De Sousa	Jemena
Ana Dijanosic	Jemena
Matthew Serpell	Jemena
Louise Baring	Jemena
Jake Roberts	Jemena
Deb Capicchiano	Jemena
Spencer Little	Jemena

Table 2: Stakeholder participants

Stakeholder participants			
Name	Organisation	Name	Organisation
Bradie Cetin	Schneider Electric (Jemena EOI)	Gary Davies	Origin Energy
Ben Macey	Australian Energy Market Operator (AEMO)	Mark Grenning	AusNet stakeholder representative
David Markham	Australian Energy Council		
Tim Sheridan	Department of Energy, Environment and Climate Action (DEECA)	Declan Kelly	Flow Power
James Alexander	DEECA	Kieran Donoghue	AusNet stakeholder representative
Claire Maries	DEECA	Helen Bartley	Consumer Advisory Panel (CAP) Member Powercor/AER
Seb Rattansen	DEECA	Lawrence Irlam	Energy Australia
Lynda Osborne	Consumer Advisory Panel (CAP) Member Powercor	Peter Warren	CGI
Constantine Noutso	Red Energy	Natalie Collard	Independent advisor
Paul Englund	CGI (Jemena EOI)	Matthew Mullins	CGI
Trish Campbell	Origin Energy	Simon Martin	CGI

2.3 Process

Timing: 10:00am to 12:30pm

Location: Online via Microsoft Teams

Facilitator: Kate Eskdale, National Lead – Communications and Engagement, RPS

Support facilitators:

Rikki Butler, Director - Communications and Engagement, RPS

Isabelle Chan, Consultant – Communications and Engagement, RPS

All participants were given a pre-read pack to provide context and information about the topics being discussed. The workshop provided participants with an update on feedback from the first workshop, followed by a detailed presentation on the two key topics identified to be brought forward and tested with participants – data provision and ESS.

In these presentations, the Victorian electricity distributors articulated the problems they were looking solve, shared their proposals and explained how feedback from the first session had been used to shape their thinking. This was then followed by a facilitated discussion with the group to provide participants with the opportunity to ask questions to clarify their understanding and to draw out feedback on the F&A proposals that distributors were developing. The outcomes of these discussions follow.

3 DATA PROVISION

Chris Gilbert, Regulatory Lead, CitiPower, Powercor & United Energy, shared feedback from the first workshop, provided a definition of the problem that the Victorian electricity distributors were aiming to address and explained the proposed new service classification. Following this, Kate Eskdale, RPS, facilitated a group discussion to provide the opportunity for clarification and feedback on the F&A proposals that distributors were developing.

3.1 Problem definition and Victorian electricity distributors role in addressing it

Participants recognised the role of Victorian electricity distributors in providing data to customers and stakeholders, and highlighted the benefits of doing so. However, participants had questions about deployment, and some expressed that further information was needed to be able to provide feedback directly on the proposed changes. This feedback is summarised below.

3.1.1 What data is provided, who benefits and who pays

A key topic during the discussion was ensuring the cost of providing data services is covered in a fair way and that relevant costs are allocated to those who benefit from the provision of these services.

Participants identified the following points:

- **Some participants expressed that further information was needed about the type and volume of data requests to be able to make an informed decision on whether services provided under the SCS framework would represent value for customers.**

Participants sought a better understanding of how individual customers such as households and small businesses (as opposed to larger businesses and organisations) would benefit from the data services provided under SCS in circumstances where these customers were not directly requesting data themselves.

During the workshop, one participant said: *“So does this mean if it's an SCS, the pensioner at Sunshine is cross subsidising a battery developer looking to build a business case for a battery?”*.

- Another participant expressed that while cross subsidisation may be a cause for concern, they could see potential broader network benefits for all customers via better network visibility and improved access to that visibility. The participant considered further information about relevant costs was required to determine the net benefits.

Another participant said: *“Are we putting 1 cent a year on that pensioner's bill or are we putting 50 bucks? I think the quantum involved is important to understand as well as the principle, because I think there's a trade-off there”*.

- **Another participant considered that the average consumer may have a lower awareness of what data is available. As a result, the average consumer may need more support to access the information they need. If they were charged per hour for this service, it might put them at a disadvantage to better resourced or more educated/sophisticated stakeholders.** They expressed this needed to be considered to ensure the system does not unfairly advantage those who are well educated. Later in the discussion, another participant expressed that there could be a bias toward larger organisations if it were raw data that was provided. However, the participant expressed that if the data is being shared as information (for example, on a map that is easily accessible, freely available and consistent across providers), those issues may be resolved to some extent.

- **A participant also highlighted that the consideration of cost needs to be broader than just the cost to consumers, making the point that how the network benefits must also be assessed.** They considered that as networks increase their capability to get more out of their data, networks should reduce the cost to consumers. The participant wanted to see this reflected in the feedback.
- **One participant suggested potentially making commercial customers pay for higher-quality data that is beyond the consumer level.** They identified they had seen requests for data from commercial entities who were using that information to make operational decisions about when to use power and as a result were profiting commercially from this information. Participants then discussed how different customers are classified and whether or not a community group would be classified as a commercial customer. One participant expressed that it may be necessary to look beyond the 'commercial versus noncommercial entity' to consider the intent of how data will be used.

3.1.2 Understanding how proposals would change data provided and how this would be future proofed

Participants were of the view that Victorian electricity distributors will need to consider how the nature and volume of requests may change over time.

Key points raised included:

- **One participant expressed that it was important to ensure that Victorian electricity distributors are able to respond as customers become more educated and proactive.** The participant highlighted dimensions surrounding accessibility and being able to get the full value of data.
- **This was echoed by another participant from a Victorian Government Department who wanted to understand if Victorian electricity distributors expect the requests to change over time, highlighting the Victorian Government's desire for data services to be provided.** The participant referred specifically to proponents who may be considering providing network services apart from those provided by Victorian electricity distributors. The participant provided an example of neighborhood battery providers, who they said were key to Victorian Government and Commonwealth Government commitments. The participant considered that these projects could provide benefits to people living in the community regardless of whether they have solar or their own battery. In terms of the emerging need for data provision, the participant identified electric vehicle charging as being a key issue. The participant said it would be important to understand impacts from or to network constraints.

3.1.3 Data privacy and security

Participants highlighted the need to ensure data privacy and security are properly managed and raised questions about how these costs would be recovered.

Key points raised included:

- **One participant highlighted that in the future they expect data requests will increase and data availability will become more important – with this brings questions around data classification and security, particularly being a critical infrastructure service.** They raised questions about the controls that would be provided around the provision and requests of data including whether data access will be limited or open and what security controls would be put in place around this service. The participant that considered this also raised a related question of the cost and cost recovery of providing this security.
- **Participants acknowledged that Victorian electricity distributors will have to provide de-identified data (similar to as for National Metering Identifiers).** However, participants considered more information would be needed to understand barriers and costs to de-identify data.

3.1.4 Understanding how costs are dealt with

- One participant queried the incremental costs associated with providing new kinds of data requests and the pathway to various service classifications in the long term.

3.2 Benefits, considerations and challenges

3.2.1 Benefits

Summary of key benefits shared by participants in the group discussion:

- **A participant from a Victorian Government Department highlighted the key role that data services could play in unlocking innovative business models which allow all consumers to benefit from Commonwealth Government and Victorian Government investment in solar, batteries and electric vehicles** – rather than just benefiting the stakeholders directly accessing and using data provision services. The participant noted that some stakeholders face barriers to directly accessing these new energy products including due to costs involved. The participant explained that it is the Victorian Government's objective to ensure everyone benefits from the energy transition, such as through lower wholesale prices and sharing benefits via a local neighborhood battery. The participant emphasised the important role that easily accessible, timely, consistent, and informative data can play in unlocking innovative business models and better products that can share the benefits with all people in the community.
 - The participant mentioned: *“unlocking more innovative business models and better products that can share benefits of local solar and batteries with all people in the community.”*
- **The same participant highlighted the benefits for supporting individuals to understand impacts** – sharing that their organisation receives lots of letters from people who want to put solar on their roof but have a very low export limit and do not understand why. The participant considered that networks providing data may support people to better understand the network in their area and its capabilities, which could in turn support them to make more informed investment decisions. However, the participant emphasised that more flexible export options must also be provided.
- **It was emphasised that better information about the local area of the network will give consumers agency in decision-making.** It was noted that networks are well placed to advise on the key knowledge gaps and resolution options to assist other stakeholders in the development of tools or programs to support customers trying to understand how to manage their energy.

3.2.2 Challenges and considerations

Summary of the considerations and challenges shared by participants in the group discussion:

- **A number of participants wanted to better understand what is already being provided compared to what would be provided under the proposed new arrangements.** One participant suggested that providing pros and cons for what is already being provided and what would be provided under the new arrangements may support a better understanding and review of the proposals.
- **The participants noted that challenges will be informed by what data provision services are classified as SCS and what are classified as ACS services.** One participant made the point that there is a need to ensure optimisation of costs between the Victorian electricity distributors and controlling the cost of those services.
- **When considering if the proposals offer value for the customer, one participant recognised that this would need to be considered in the context of what will already be provided in 2026 following the outcomes of the AER's Network Visibility Project.** This Victorian Government Department participant stated that the Victorian Government was appreciative of the work being

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done by Victorian electricity distributors to provide data voluntarily in various mapping tools. However, the participant considered that if much of this data is regulated and the Distribution Annual Planning Report (DAPR) has been updated by 2026 so that those data sets are already being provided, then this would change the conversation and there would be a need for further consideration of what is classified as SCS.

- **When considering value, another participant identified the need to balance consistency across the network with the ability to respond to different market drivers.** Participants queried the AER process and whether the different market drivers were being considered or if a “cookie cutter approach” was being adopted.
- Participants also noted that points summarised under 3.1.1 What data is provided, who benefits and who pays above are key considerations and challenges.

4 ESSENTIAL SYSTEM SERVICES

Justin Betlehem, Senior Regulatory Adviser, AusNet, presented the feedback from the first workshop, explained the problem that the Victorian electricity distributors were aiming to address and explained the proposed new service classification. Following this, Kate Eskdale, RPS, facilitated a group discussion to provide the opportunity for clarification and feedback on the emerging proposal. Outputs from this discussion are summarised below.

4.1 Clarification and feedback on emerging proposals

4.1.1 Recognition of the role Victorian electricity distributors play in providing this service but further information on how this is delivered required

Participants recognised that the Victorian electricity distributors have a role in providing ESS, with many participants acknowledging potential benefits, however further discussion and information was requested about their role and how it should be delivered.

A workshop participant noted: *“We know we are moving into renewable generation, that’s happening, and playing devil’s advocate here, if nothing is done, we’re going to see blackouts, because of less inertia and system strength that aren’t provided by thermal generation. As a consumer it comes down to reliability versus cost. We can’t have a grid that’s always blacking out, as a consumer you want electricity, we’re used to being able to plug in the laptop to have it. So, for me, something has to be done. ...today it’s being done on solar farms and it’s very expensive, so through being able to use the network that is already there ...makes sense. There is still quite a lot of work on who pays for what but the general crux of it, is it a good idea, yes, I do believe it is but there is still quite a bit of work to do there.”*

“I haven’t heard anyone saying that that distributors shouldn’t be allowed to provide these services, the discussion is about the terms by which they provide these services.”

Key areas of discussion are summarised below:

- **Participants requested further information on how revenue sharing and cost allocation is managed.**
 - The need for further information on the revenue and cost allocation model was highlighted by a number of participants.

One participant said: *“I understand why you’re doing it; I understand there is potential benefit to consumers in doing it, I think we need more information the cost allocation.”*

Another participant said: *“I’m all for more providers being able to provide services, because I think it is a good outcome for all consumers, it’s just a matter of who pays... and who has the risk”*
 - One participant queried whether all revenue would come back to customers to reduce the price of the SCS. This participant expressed that this should be the case, as it would be customers who would bear the loss of voltage, even if this were to remain within the regulated range. The participant highlighted the need to understand the costs to the Victorian electricity distributors if the full share of revenue was not going to be returned to customers.
 - Further to this, a participant queried whether it was fair that customers would bear the stranded asset risk where investment is being made by the Victorian electricity distributors as there was no guarantee that services would be procured given the competitive nature of tenders.
- **Some participants considered there should be a staged approach to implementation.** One participant referenced a past industry trial as providing a model for implementing an intermediary step between involuntary load shedding and an option that has a lower impact on customers. The participant considered that if Victorian electricity distributors provided ESS, this intermediary step

could be implemented. Another participant highlighted that there is a trust issue which could be addressed through a trial waiver to test that the cost allocation process is robust enough for what the Victorian electricity distributors are proposing. The participant considered this could then be scaled up, with services being reallocated.

- **Participants raised that it needs to be demonstrated that there will not be negative impacts to customers from distributors providing ESS.** Participants highlighted the need to ensure the provision of ESS would not negatively impact voltage control and electricity supply for customers. One participant queried whether the services could be provided by other providers or if the proposed ESS could only be provided by the Victorian electricity distributors.
- **Participants raised the need to ensure changes do not provide Victorian electricity distributors with an unfair commercial advantage over other providers of ESS.** The participant proposed the use of the existing ring-fencing procedure to ensure that Victorian electricity distributors compete in the market on a competitive basis in a fair and reasonable way.
- **Participants requested further evidence to support claims of the impact of not providing services.** One participant requested further data to support the claim that not providing ESS via a regular distributed service could lead to blackouts and brown outs, compared to facing slightly higher costs for ESS provided by other market providers.
- **Participants sought clarification of whether each of the ESS services would be considered separately.** One participant highlighted that the services are all quite different and expressed that the classification should therefore be considered individually, rather than applying for all ESS to be regulated or unregulated.

4.1.2 Evidence required to demonstrate that ESS should be provided by networks as classified services.

A key theme raised by some retail participants was the need to demonstrate that ESS should be provided as classified services rather than through the current process of applying for ring-fencing waivers.

Key areas of discussion are summarised below:

- One participant expressed that if Victorian electricity distributors want to provide an unregulated service, they should apply for a ring-fencing waiver because of the potential cost allocation issues. They considered that principles applied by the AER in assessing ring-fencing waiver applications would ensure that a competitive market is maintained.
- Another participant raised the need for more evidence of the cost to Victorian electricity distributors of seeking a ring-fencing waiver and providing services. The participant considered this would make it easier to justify the other approaches proposed. Linked to this, the participant also requested further information and clarification on whether there is a significant barrier for Victorian electricity distributors in applying for a ring-fencing waiver.

4.1.3 The importance of monitoring and oversight by the AER

- **Participants identified that customers would need confidence that the AER has full visibility and oversight of the costs incurred and revenues received by networks.**

During the discussion, a participant said: *“We are wondering how the distributors will do it but is also about how the AER is set up to manage it. ...It’s as much of a reflection on the AER as it is the distributors to do the right thing.”*

5 FEEDBACK ON OTHER DRAFT F&A PROPOSALS

In this section of the workshop, the Victorian electricity distributors shared the proposed positions for key elements compared to the current regulatory period and proposed new services classifications for the 2026-2031 Framework and Approach.

No direct feedback was shared in this section.

Table 3: Proposed positions for the 2026-2031 Victorian F&A

F&A Element	Victorian electricity distributors proposal	Comparison to current regulatory period
Form of control	<ul style="list-style-type: none"> Revenue cap for standard control services (SCS) Price cap for alternative control services (ACS) Revenue cap for metering ACS 	<ul style="list-style-type: none"> No change
Incentives	<ul style="list-style-type: none"> Efficiency Benefit Sharing Scheme (EBSS) Capital Expenditure Sharing Scheme (CESS) Service Target Performance Incentive Scheme (STPIS) Customer Service Incentive Scheme (CSIS) Export Service Incentive Scheme (ESIS) Demand Management Incentive Scheme (DMIS) and Demand Management Innovation Allowance Mechanism (DMIAM or Allowance Mechanism) Victoria F-factor scheme 	<ul style="list-style-type: none"> AusNet, CitiPower, Powercor and United Energy to allow the ESIS in 2026-2031 Jemena to introduce CSIS and allow the ESIS in 2026-2031 <p>Note: while the businesses are proposing to allow the ESIS, whether each business introduces an ESIS, and its design, will be subject to stakeholder engagement in the preparation of the Regulatory Proposal</p>
Depreciation	<ul style="list-style-type: none"> Forecast depreciation approach 	<ul style="list-style-type: none"> No change

Table 4: Proposed new service classifications for the 2026-2031 Victorian F&A

Service	Proposed classification	Comments/ response to feedback from previous session
Export service	<ul style="list-style-type: none"> Classify export services as both SCS and ACS 	<ul style="list-style-type: none"> The efficiency of export services – i.e., what level of service customers should be getting as SCS or ACS – will be determined by each business as part of their Regulatory Proposal and Connection Policy. Distributors will engage on this.
Dynamic export and load control	<ul style="list-style-type: none"> Classify as SCS and ACS 	<ul style="list-style-type: none"> With increasing use of dynamic controls, propose to classify as a distinct service that can be offered as SCS or as an enhanced service (ACS).
Regulated Standalone Power System (SAPS)	<ul style="list-style-type: none"> Classify as SCS 	<ul style="list-style-type: none"> Only the network service portion of SAPS will be classified as SCS, while the current Ring-fencing exemptions for generation in SAPS remain in place.
Minimum system load (MSL) services	<ul style="list-style-type: none"> Classify MSL services as SCS 	<ul style="list-style-type: none"> New licence condition in Victoria. Not engaged on in the first session.

6 ADDITIONAL TOPICS RAISED

During the discussion, one participant raised the future needs of electric vehicle technology, and the role distributors will play. This item did not fit under the six areas discussed at the workshop, but an action was taken to note this in the workshop records.

A Victorian Government Department representative raised that it was important to consider how existing network constraints may impact the provision of electric vehicle charging. The participant considered that this raised a broader question about how distributors are considering investments that might be required to support the rapid uptake of electric vehicles that has been predicted via modelling and under Victorian Government policies and targets.

The participant noted that in the six elements shared at the start of the workshop there was no reference to what may be considered in the F&A process to support the anticipated roll out of electric vehicles in the 2026 – 2031 period. The participant queried how distributors will adapt to the rapid uptake of electric vehicles and the investments required.

7 PARTICIPANT FEEDBACK ON EVENT

Participants were provided an option to take a short survey at the end of the session and share their feedback.

Table 3: Participant feedback*

1. Participant feedback
Using the scale below, please evaluate the workshop
The workshop timing was appropriate. – All participants respondents ‘Strongly Agree’ or ‘Agree’.
The workshop objectives were clearly stated. – All participants respondents ‘Strongly Agree’ or ‘Agree’.
The facilitator presented clearly and logically. – All participants respondents ‘Strongly Agree’ or ‘Agree’.
The workshop content was interesting. – All participants respondents ‘Strongly Agree’ or ‘Agree’.
The facilitator allowed me and others to have a say. – All participants respondents ‘Strongly Agree’ or ‘Agree’.
There were opportunities for me to participate in an engaging and appropriate way. – All participants respondents ‘Strongly Agree’ or ‘Agree’.
2. Do you have any suggestions about how the workshop could have been improved?
n/a.
In-person would be better. Although still need option for online!
More information e.g. around costs and also consideration of network benefits may have helped.
The workshop was well structured. Rules of engagement presented at the back set a good, controlled structure for the workshop balanced with enabling participants to provide input.
Providing more guidance so that the discussion does not go into too much unnecessary detail, or down a certain path when it should be kept at a broader higher level, or we are deviating from answering the key questions.
I think in both cases, the presentation of the issues and propose approach would have benefited from clearer articulation of (and discussion with participants on) the principles to apply to these potential services to ensure they are provide in a way that furthers the NEO. I also think that analytically, bundling all the ESS together is unhelpful - there are too many relevant differences for a one size fits all approach.
Try to better anticipate the information requirements that help participants answer the questions you are asking
3. What did you value most about the online workshop?
Hearing all feedback - often 1:1 consultations miss this mutual value.
Easy to put forward views using Teams.
Opportunities to listen, learn and contribute where I could; it was very well facilitated (a great improvement on last time) - the facilitator was agile in her approach when questions couldn't be answered.
Opportunity to participate.
The breadth of experiences and perspectives in the group.
Good to hear the perspectives of the network reps and of the other stakeholders on these important issues.
Improvements on last time: 1. better facilitator than last time (did not hear 'brilliant' once); 2. pace was slower to allow more information presentation and discussion 3. keeping everyone together and the facilitator entering our comments in the software; better then break-out groups and each group trying to grapple with the comments software.
4. Do you have any other comments?
n/a
No.
No
The pre-reading for the second session was very good in setting the context and expectations for the session.
Good job managing a diverse and large group!
Just because the networks were challenged over their proposals doesn't mean that customers and other stakeholders don't want to see these services provided. It's typically more about the terms on which they are going to be provided and to be sure that it's done in a way that we can be confident maximises the benefits to customers. Still requires more discussion - perhaps this is best done at the individual network level given there are differences in F&A details among networks?

*Feedback in this section is shared as provided, without edits to the copy.

8 NEXT STEPS

Findings of this report will be shared with the Victorian electricity distributors for their further consideration. The feedback shared will be used to inform the services they provide and if there should be any changes proposed via the 2026-31 Price Reset regulatory proposals process.

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