



Kris Funston
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Network Regulation
Australian Energy Regulator
Melbourne VIC 3001

By email: AERPricing@aer.gov.au

28 February 2023

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Dear Kris

Notification for sub-threshold or trial tariffs

Jemena Electricity Networks (**JEN**) would like to notify the Australian Energy Regulator (**AER**) that it plans to introduce two trial tariffs from the 2023-2024 regulatory year, under Section 6.18.1C of the National Electricity Rules. The trial tariffs are being introduced in response to growing needs of our community. We will use learnings from these tariffs to guide the development of our Tariff Structure Statement for the 2026-31 regulatory control period.

The two trial tariffs that will be available from 1st July 2023 to 30th June 2026 are:

- A30B – Community Battery Tariff
- A50S – Site-Specific Subtransmission Tariff

The Community Battery Tariff will be made available to customers with batteries of capacity up to 500 kVA, where the battery is on its own meter. The battery may be externally owned or Jemena-owned. This tariff has been developed in response to the increasing number of batteries expected to be commissioned in Australian electricity markets in coming years, and will give us valuable insights on the behaviour of battery operators in response to price signals.

The Site-Specific Subtransmission Tariff will be available at Jemena's discretion to new customers connecting at the subtransmission level. The development of this tariff has been driven by a need for flexibility in how we approach pricing for large customers, particularly those who may provide network benefits. Success in this trial will give us one pathway towards overall network cost reduction, reducing prices for all network customers.

We have provided more details on these trial tariffs in **Appendix A**. Both these trial tariffs have been designed using existing tariffs as a basis, with pricing aimed to ensure that the average customer on a basis tariff would be no worse off on a trial tariff.

We recognise the valuable role that the AER plays in regulating energy networks, and in encouraging innovative tariffs. We welcome AER feedback on these trial tariffs as an important

component of tariff strategy development. If you wish to discuss these sub-threshold tariffs, please contact me at [REDACTED].

Yours sincerely

Sandeep Kumar
Group Manager – Regulatory Analysis and Strategy

Appendix A

Total cumulative revenue

Distributor	Jemena Electricity Networks Ltd
Total cumulative revenue of all sub-threshold tariffs (\$ and % AAR)	< 0.2% AAR
Confirmation for publication	We confirm that this document contains no commercial or private information and we provide permission for the AER to publish this notification on the AER website.

Community Battery Tariff

Name of trial	Community Battery tariff
Objectives of trial	Explore whether a standalone community battery tariff will encourage the uptake of community batteries in our network and influence their operation to provide network support and lower network augmentation requirement over time. The tariff will be applicable irrespective of the ownership of the battery (i.e. whether owned by Jemena or another party).
Retailer engagement	<p>This tariff has been developed in consultation with a potential participating retailer who intends to offer a community battery in a greenfield development. This retailer has stressed that a battery tariff is needed imminently, to provide certainty for their customers. The size of battery (upto 500 kVA) is also based on feedback received from the participating retailer.</p> <p>We also consulted with a group of 40 retailer representatives, informing them of the trials and inviting any feedback both prior to and after the introduction of the tariffs. We hope that retailers continue to engage with us and provide inputs through the length of the trial.</p>
Consumer engagement	<p>The retailer involved in greenfield development is in ongoing discussion with potential customers.</p> <p>We have received enquiries from several councils in the Jemena area who are very interested in developing their own community battery projects, some of whom have stated intentions to apply for the federal government's grants to install community batteries. They have stated that Jemena not offering a community battery tariff has made it difficult to proceed with certainty around project finances.</p>

	<p>Energy-focused customer groups, particularly those working to install community batteries, have been requesting clarity around tariffs available. Similarly to the local councils mentioned above, some of these are considering upcoming grant applications, indicating that their need for such a tariff is pressing.</p> <p>We will take a proactive approach to discussing this trial tariff with potential customers through the trial, exploring the impact of this tariff in incentivising more battery uptake on our network.</p>
Expected consumer and/or retailer response	This tariff is expected to incentivise uptake of batteries. The tariff will provide pricing signals to battery operators to provide network support, and the installation of a sufficiently large number of batteries will provide cheaper electricity to the grid lowering the tariffs for all network customers over time.
Proposed tariff (structure and pricing)	To be priced in line with a large business LV tariff, with SDIC and a rebate for import in peak solar periods (10am-3pm, Sep-May) and for export during peak evening periods (3pm-9pm, all year).
Links to TSS strategy and Export tariff transition strategy (if applicable)	<p>Jemena's 2016-2021 Tariff Structure Statement did not contain speculation on the growth of community battery opportunities in Australia, but did recognise that batteries can provide significant network support.</p> <p>Learnings from this tariff trial will help inform the design of a permanent community battery tariff which we hope to offer in the next regulatory period as part of the TSS.</p>
Forecast revenue (\$ and % AAR)	Given the capacity for battery operators to leverage rebates and the fact that there are no community batteries certain to come on to this tariff in RY24, we are currently expecting very little or zero revenue to accrue from this trial tariff in the upcoming regulatory year.
Trial start date	1 st July 2023
Duration of trial	Three regulatory years – until 30 th June, 2026.
Potential changes and triggers	If retailer(s) or other community battery operators provide us adverse feedback in relation to impact of this tariff, or if it has adverse impact on our customers or our network, we will review the trial and make necessary amendments.
Notification date	28 th February 2023
Optional information	
Location of trial	Tariff to be made available throughout network.
Other	Participating batteries will be limited to those ≥ 100 kVA and ≤ 500 kVA.

Site-Specific Subtransmission Tariff

Name of trial	Site-Specific subtransmission customer tariff
Objectives of trial	Offer a customized option to customers seeking to connect at subtransmission level
Retailer engagement	We have entered into consultation on our trial tariffs with a group of 40 retailer representatives, informing them of the trials and inviting any feedback both prior to and after the introduction of the tariffs. We hope that retailers continue to engage with us and provide inputs through the length of the trial.
Consumer engagement	We have developed this trial tariff after discussion with a number of potential customers with differing business requirements and differing ability to pay upfront capital contribution and ongoing costs.
Expected consumer and/or retailer response	Encourage consumers to correctly estimate consumption/demand, and give them flexibility in upfront capital contribution and tariff choice in an NPV-neutral way.
Proposed tariff (structure and pricing)	Tariff structure similar to existing subtransmission tariff but tariff level inversely related to the amount of upfront capital contribution.
Links to TSS strategy and Export tariff transition strategy (if applicable)	Learnings from this tariff trial will help inform the design of a permanent flexible tariff to help greater network utilisation by allowing large customers with different requirements to connect to our network and engage on design with us as part of the next TSS.
Forecast revenue (\$ and % AAR)	At this stage we expect very low uptake of this trial tariff as potential customers have option to connect to transmission network.
Trial start date	1 st July 2023
Duration of trial	Three regulatory years – until 30 th June, 2026
Potential changes and triggers	<p>We expect this tariff to allow large customers with differing requirements to engage with us proactively to organise a contribution and tariff that best helps them with their business planning in an NPV-neutral way and without putting any burden on other customers.</p> <p>If there is no uptake of this tariff, we will review the trial and perform further customer discussions to establish what modifications are necessary to send correct signal strength before each subsequent year and advise AER of changes agreed</p>
Notification date	28 th February 2023
Optional information	
Forecast volumes	
Potential additions	

Location of trial	Tariff to be made available throughout network, at Jemena's discretion.
Other	Restricted to customers connecting at subtransmission level only.