Jemena Electricity Networks (Vic) Ltd

2026-31 Electricity Distribution Price Review Regulatory Proposal

Attachment 09-01

2026-31 Tariff Structure Statement

Table of contents

List of tables

List of figures

Abbreviations

$/kVA	dollars per kilovolt-ampere
$/kW	dollars per kilowatt
ACS	alternative control services
AER	Australian Energy Regulator
AIC	average incremental cost
AMI	Advanced Metering Infrastructure
BEL	basic export level
c/kVA/day	cents per kilovolt-ampere per day
c/kWh	cents per kilowatt-hour
CER	consumer energy resources
DUoS	Distribution Use of System
EN	embedded network
EV	electric vehicle
HV	high voltage
JEN	Jemena Electricity Networks
LRMC	long-run marginal cost
LV	low voltage
MSO	Model Standing Offer
NEM	National Electricity Market
NER	National Electricity Rules
NMI	National Meter Identifier
OMR	Operation, Maintenance, Repair and Replacement
PV	photovoltaic
RF	reserve feeder
SCS	standard control services
SDIC	summer demand incentive charge
ST	Subtransmission
ToU	Time of Use
TSS	Tariff Structure Statement
TUoS	Transmission Use of System

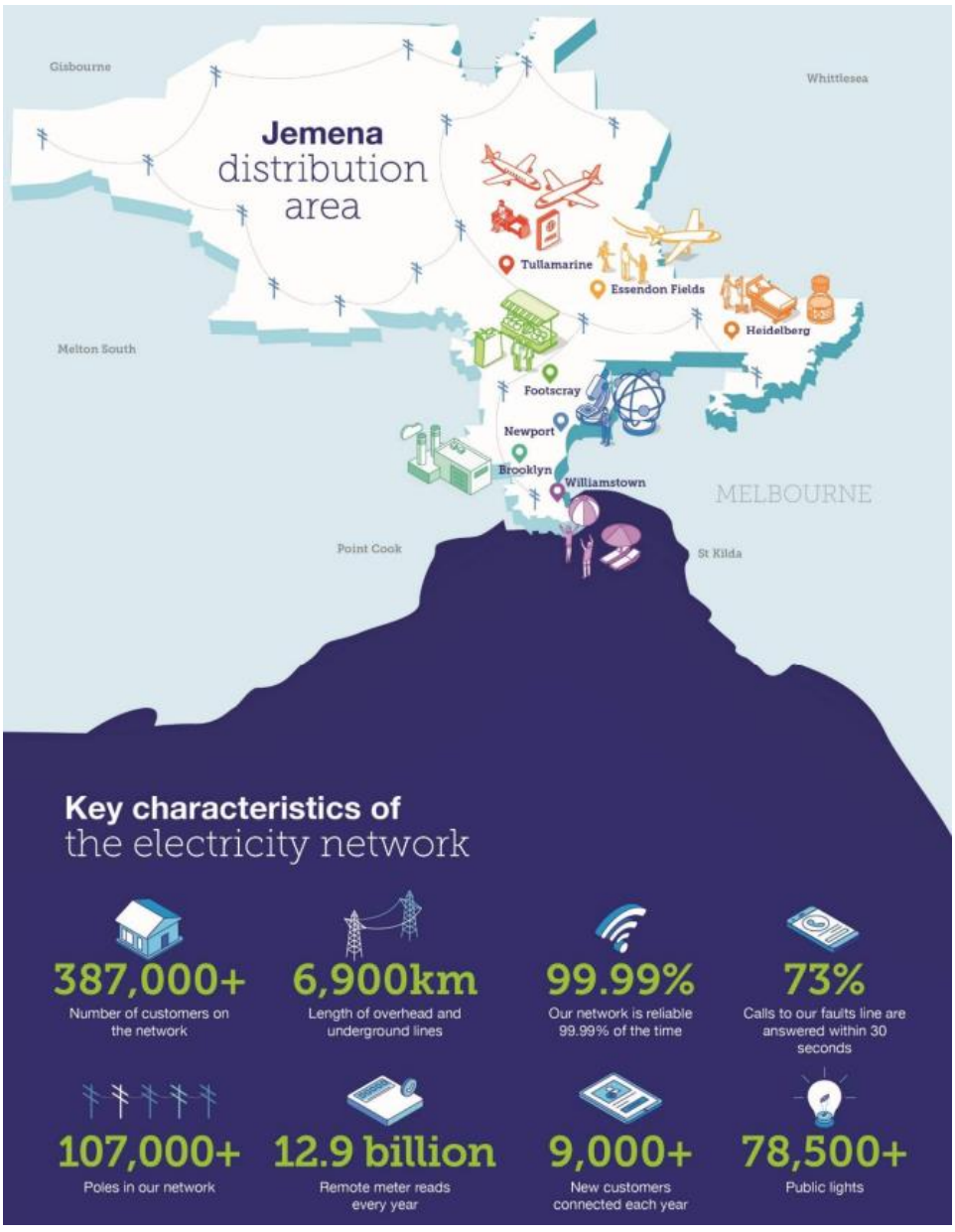
1. Introduction

1.1 About Jemena Electricity Networks

Jemena Electricity Networks (Vic) Ltd. (**JEN**) is one of five electricity distribution network service providers (**DNSPs**) in Victoria. JEN is the sole distributor of electricity in north-west greater Melbourne, servicing more than 387,000 households and businesses. We build and manage the infrastructure that transports electricity across a 950 square kilometre area and provide energy to support businesses and critical infrastructure.

The distribution area we manage covers a mix of industrial, commercial and residential customers, including established inner suburbs, some major transport routes and Melbourne Airport. Our total distribution area covers approximately 12% of the Victorian population. JEN's distribution network map and key characteristics of our electricity network are shown in Figure 1-1 below.

Figure 1-1: Map of JEN's electricity distribution area and outline of key characteristics



The costs of distributing energy across our network are paid for via our customers' electricity bills. Our distribution network and metering charges typically account for around 35% of customers' total electricity bills.

1.2 About this Tariff Structure Statement

Our Tariff Structure Statement (**TSS**) explains our proposed tariff structures to apply from 1 July 2026 to 30 June 2031. Our TSS is a component of JEN's broader initial regulatory proposal submitted to the Australian Energy Regulator (**AER**) on 31 January 2025. This TSS is designed to meet the requirements of the AER's TSS compliance document outline[1] (**TSS guidance**).

The National Electricity Rules (**NER**) set out the formal requirements that our TSS must meet. The NER specify that JEN's TSS must comply with the pricing principles for direct control services[2] and must be accompanied by an indicative pricing schedule.[3] The network pricing objective[4] states that the tariffs that we charge to provide our direct control services should reflect the efficient costs of providing those services to our customers.

This TSS demonstrates how JEN's standard control services (**SCS**) for the 2026-31 regulatory control period (**next regulatory period**) will comply with the NER and the AER's Export Tariff Guidelines.[5] JEN's TSS Explanatory Statement provides more information on how we have designed our tariff structures for the next regulatory period.

1 AER, *Standardised TSS compliance document - Final structure*.

2 NER, cl. 6.8.2(d2).

3 NER, cl. 6.8.2(d1).

4 NER, cl. 6.18.5(a).

5 AER, *Export Tariff Guidelines*, May 2022.

2. Tariff classes

Tariff classes are designed for our direct control services, which are shown below in Figure 2-1.

Figure 2-1: JEN's direct control services

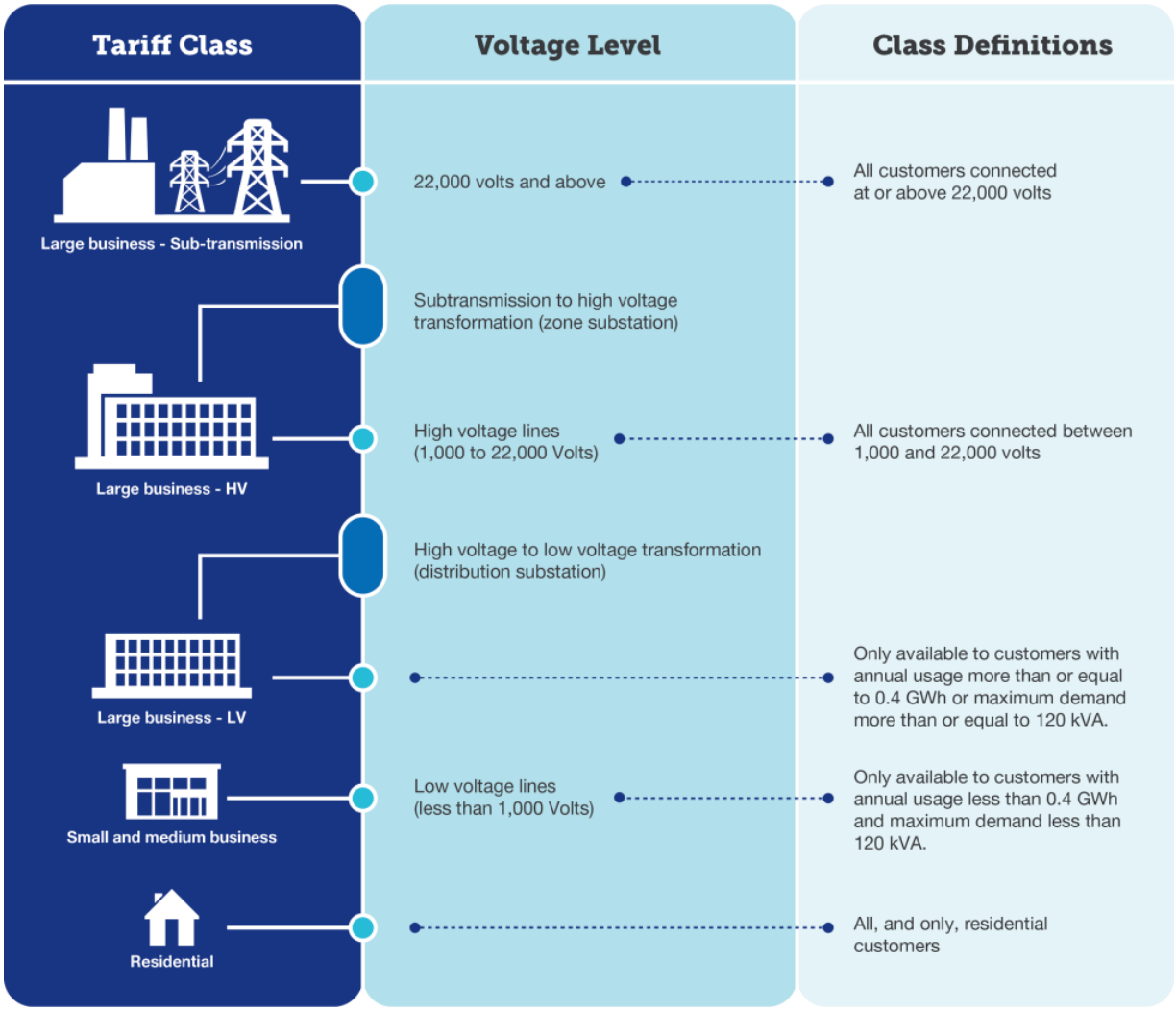
Direct control services are those services regulated by the AER. They are categorised into SCS and alternative control services (**ACS**), which include Advanced Metering Infrastructure (**AMI**) services and other specific services requested by customers or their retailers. Consistent with the AER's TSS guidance, this section only discusses SCS.

2.1 List of tariff classes

For SCS, we propose to retain our current tariff classes from the 2021-26 regulatory control period (**current regulatory period**). Our five tariff classes, highlighted in Figure 2-2 below, correspond to our five major customer segments, which have materially different costs to serve.

We note that we have renamed our Small Business tariff class to the Small and Medium Business tariff class. The new name better reflects the customers in this tariff class, and no other characteristics of the class have changed.

Figure 2-2: JEN's tariff classes by voltage level and definition



2.2 Tariff class allocation and assignment

Customers are allocated to a particular tariff class based on the voltage at which they connect to our network, as shown in Figure 2-2 above. Within each tariff class, we have multiple tariffs available to meet the varying needs and characteristics of our customers. For example, our residential tariff class includes single-rate and time-of-use (**ToU**) tariffs, allowing customers to choose their preferred charging structure depending on their circumstances.

For the next regulatory period, our existing customers will be assigned to the tariff class to which they were assigned in the current regulatory period. Before or during the next regulatory period, JEN may become aware of the change in the customer's load, connection or metering characteristics via several different means including, but not limited to:

- a written application or correspondence received from the customer or the customer's representative, such as an application for a tariff reassignment, a contract demand reset, a request for an upgrade or connection alteration, or the receipt of a B2B service order from the customer's retailer
- internal JEN analysis

- a contractual arrangement between JEN and the customer.

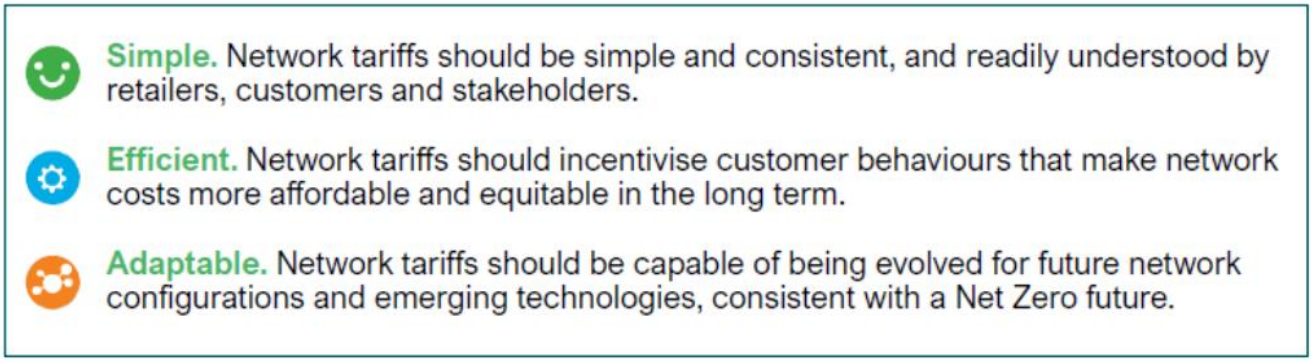
JEN may reassign a retail customer to another tariff class or tariff if the existing retail customer's connection characteristics change throughout this or the next regulatory period. This may occur if it is no longer appropriate for a retail customer to be assigned to their current tariff class or if the customer no longer has similar connection characteristics to the relevant tariff class. Refer to Appendix B of JEN's TSS explanatory statement for further details on tariff class assignment.

3. Approach to setting tariffs

3.1 Our approach

In preparing our regulatory proposal, we jointly held three major consultation forums in 2023 and 2024 in collaboration with the four other electricity DNSPs in Victoria, as well as holding our own consultations as described in Chapter 2 of the proposal. These consultations involved customers, customer advocacy groups, retailers, industry experts, and representatives from the AER and the Victorian Government. As part of these forums, we developed a set of pricing objectives that we adopted to guide us in developing our tariffs for the next regulatory period. The objectives developed through the joint Victorian DNSP engagement sessions are shown in Figure 3–1.

Figure 3–1: Pricing objectives identified through our engagement



Source: Joint Victorian DNSP tariffs consultation[6]

As well as the above, the NER and our JEN customer engagement sessions guided us to further principles in tariff development, which we discuss in more detail in the TSS explanatory statement. One principle set out by the NER is that our tariffs should reflect JEN's efficient costs to provide services to retail customers.[7] Based on this, we set tariffs to minimise price distortions while recovering our efficient costs.[8] To accomplish these objectives, we take the following approach to set our SCS prices (also referred to as Distribution Use of System (**DUoS**) prices:[9]

1. Allocate revenue to tariff classes: Determine the revenue to recover each year for each tariff class, consistent with our current regulatory period proposal. We base this on the historical proportion of revenue from each tariff class, unless there is evidence of the tariff class undergoing a significant change to usage, demand, or other characteristics that may modify its contributions to network costs.[10]

2. For our default tariff within each tariff class, set price levels of the components that consider the marginal cost of the network:

   Start with our calculated long-run marginal cost (**LRMC**) values by tariff class. We call these our 'base' LRMC estimates (see section 3.2).[11]

6 *JEN - BD Infrastructure Att 02-13 - Joint VICDB engagement - Tariffs outcomes report 2 - 2023*

7 NER, cl 6.18.5(a)

8 NER, cl 6.18.5(g)

9 NER cl. 6.18.1A(a)(5) requires a TSS to describe the approach used in setting each tariff in accordance with the pricing principles.

10 For example, JEN expects to see more data centres joining the network in the next regulatory period. These customers will behave differently to other customers in the Large Business tariff classes and may incur or reduce costs of service for the tariff classes they are assigned to, depending on their behaviour. Any deliberate change to tariff class revenue recovery allocation will be signalled by JEN in its Pricing Proposal for the relevant regulatory year.

11 NER cl. 6.18.5(f)

Translate these base LRMC estimates into tariff component LRMC estimates.

Use the component LRMC estimates as the basis for the peak ToU or demand component for each demand tariff as applicable by:

- considering the variation between the tariff components' current price level and the new LRMC estimate, *and*
- seeking to move these components toward the new LRMC estimates in a manner that mitigates customer impacts, seeks to smooth the long-term volatility of LRMC estimates and ensures a peak-to-off-peak price multiple adequate to incentivise desired customer behaviour. In the current regulatory period, this peak-to-off-peak price multiple has been set at a minimum of 2.5. This will be maintained for all tariffs except the new proposed residential default tariff, A130 (which has an additional off-peak period in the form of a "solar soak"), and will be discussed in section 5.3.1.1 of our TSS explanatory statement.

3. Set price levels for the remaining components of the default tariff. Prices are set to:

   Recover the residual costs of supplying customers on the tariff in a manner that:

   - Best replicates (and least distorts) the price signal the customer receives from step 2.
   - Reduces volatility with the previous years' price levels to mitigate customer bill impacts.

4. Set price levels for tariffs without a cost-reflective component (i.e., without a demand component or a 4 pm to 9 pm peak ToU component) in line with their cost-reflective counterparts. For example, we will set our annual prices so that the average customer on a single-rate tariff is not better off than the average customer on a cost-reflective tariff, as this would undermine the incentives of ToU tariffs.
5. Ensure that revenue from each tariff class lies between stand-alone and avoidable costs (see section 3.4 below).[12]

Allocation of DPPC to tariff classes

Designated Pricing Proposal Charges (**DPPC**) are additional charges to our customers that recover the costs of transmission services, avoided Transmission Use of System (**TUoS**) payments and inter-DNSP charges. These costs to be recovered are not set by JEN; rather, we simply recover these costs of upstream service providers in the provision of SCS. In the past, these amounts have proven to be volatile from year to year.

DPPC revenue allocation has historically been different to DUoS revenue allocation. Table 3-1 below shows how our DUoS revenue and DPPC revenue amounts are allocated to customer segments in the current regulatory period. DPPC volatility can result in volatile network prices for large businesses because transmission costs account for a larger portion of their bill. JEN considers that DPPC volatility is likely in the next regulatory period due to transmission upgrades, both for the connection of more generation capacity to the Victorian electricity network and the increased density of high-consumption customers across Victoria. Some of these changes will affect all customer segments and some will affect only certain customer segments. JEN's view is that DPPC allocation over the next regulatory period should be considered each year to allow for continued cost-reflectivity and to avoid cross-subsidies between customer groups. DPPC revenue allocation will therefore be addressed in each annual pricing proposal in the next regulatory period.

[12] NER, cl 6.18.5(e).

Table 3-1: DUoS and DPPC revenue allocation percentages

Market segment	2024-25 DUoS allocation	2024-25 DPPC allocation
Residential	48%	26%
Small and medium business	19%	22%
Large business	33%	53%

3.2 Long-run marginal costs (LRMC)

Clause 6.18.5(f) of the NER requires that our tariffs be based on the long-run marginal cost (**LRMC**) of providing network services to our customers.

The LRMC is an estimate of our future costs of expanding (or contracting) our network to allow for one additional (or less) unit of network use. Incremental customer demand during peak network periods is the predominant driver of our network costs. Therefore, the LRMC reflects the cost to supply one additional unit of capacity at peak times. Traditionally, the relevant capacity for LRMC has been measured in kW or kVA. For the next regulatory period, JEN has developed an export tariff transition strategy (see section 6). We have therefore also developed an *export* LRMC using kWh, as this unit is most likely to be understandable to the customers the export tariffs will apply to.

By setting tariffs with reference to the LRMC of JEN's distribution network, we promote its efficient use based on tariffs that are aligned with the underlying cost of network usage.

3.2.1 Estimating LRMC

We have historically used the average incremental cost (**AIC**) approach to estimate LRMC. The AIC approach has been widely used by other DNSPs in the National Electricity Market (**NEM**) as a reasonable estimate for tariff-setting purposes and is consistent with the approach we used during the current regulatory proposal. Refer to *JEN - Att 09-03 Long run marginal cost model – 20250131* for additional detail on how we calculated the LRMC values.

The AIC approach uses our proposed capital expenditure and demand to estimate the LRMC by dividing the total increase in capital expenditure by the total incremental increase in demand. This provides an average estimate of the likely incremental change in costs as a consequence of a change in consumption. Therefore, it is generally not as precise an estimate of the LRMC compared with the perturbation methodology. Clause 6.18.5(f)(1) of the NER requires that we have regard to the costs and benefits associated with calculating, implementing and applying the chosen method. We therefore have considered the LRMC in setting prices as described in section 3.1.

3.2.2 Our AIC approach to estimating LRMC

We undertook the following steps to estimate LRMC:

Evaluate the present value of future flows of relevant capital expenditure (and related operational expenditure), involving:

- A detailed analysis of each of our proposed capital expenditure programs to determine those that are growth-related, i.e., those augmentations or replacement works that create additional capacity on the network
- Evaluating the value of operating expenditure associated with these capital items

- Allocating the cost of these growth-related expenditure items to the tariff class that they serve or, where the expenditure was for the network more broadly, to each tariff class by the proportion of contribution to peak demand and

- Evaluating the present value of this forward-looking expenditure over a 10-year time horizon (2025-26 to 2034-35).

Evaluate the present value of additional demand met by JEN's network by:

- Evaluating the cumulative increase of demand by each tariff class and

Find the present value of additional demand over the 2025-26 to 2034-35 period.

Evaluate the LRMC for each tariff class by dividing the present value of growth-related expenditure by the present value of additional demand.

3.3 LRMC estimates

We incur several different types of expenditures, not all of which are relevant to the derivation of our LRMC. We have only included forecast costs that could be mitigated by our broader customer base if they were to respond to the price signal derived by the LRMC.

In general, this means that only shared network augmentation costs (for both import and export services) that will vary with changes in future demand (and any associated operating expenditure) have been included in our LRMC calculations. For import services, these costs have been allocated to three network categories:

1. low voltage network
2. high voltage network
3. subtransmission.

We have used the cumulative growth in our forecast system-wide peak demand as the denominator to determine our import LRMC. For our export LRMC, we have used the forecast energy we expect to be exported back into the network as a result of the expenditure we are proposing on consumer energy resource (**CER**) enablement.

Table 3-2 below outlines JEN's import LRMC estimates by voltage level and

Table 3-3 outlines our export LRMC estimates.[13]

Table 3-2: Import LRMC estimates by voltage level ($2026)

Tariff class	LRMC ($/kVA) by voltage	LRMC ($/kVA) by connection
Low voltage network	$7	$158
Low voltage substations	$18	$151
High voltage	$60	$133
Subtransmission	$73	$73

Table 3-3: Whole-of-network export LRMC estimate ($2026)

Service	LRMC ($/kWh)
Export	$0.03

[13] Refer to *JEN - Att 09-03 Long run marginal cost model* for more information on our LRMC approach and modelling.

3.4 Stand-alone and avoidable costs

3.4.1 Why calculate stand-alone and avoidable costs?

Clause 6.18.5(e) of the NER requires that the expected revenue for each tariff class must lie on or between:

1. an upper bound representing the stand-alone cost of serving the retail customers who belong to that class and
2. a lower bound representing the avoidable cost of not serving those retail customers.

In accordance with this requirement, we test whether our expected revenue from each tariff class falls between the efficiency bounds of stand-alone and avoidable costs. This test is designed to ensure our customers 'pay their way' without 'paying too much'.

The avoidable costs for a tariff class are the theoretical cost savings that would be made if the customers in that tariff class were to cease their connection to the network while all customers in other tariff classes remained the same. This is often a relatively low value as it would generally only include assets specifically dedicated to those customers and a portion of operating expenses reflecting the incremental costs of supplying each customer.

Requiring that revenue from a tariff class is above avoidable cost ensures our customers pay an appropriate amount for the services provided to them. If the revenue from these customers were lower, it would imply that revenue from customers in other tariff classes may be inefficiently cross-subsidising the tariff class in question.

The stand-alone cost for a tariff class is the theoretical cost of building and operating a network designed solely for that tariff class. This is often relatively high because, by definition, there are no economies of scale from using shared assets to supply multiple tariff classes.

By requiring revenue from a tariff class to be below stand-alone cost, we ensure customers don't pay more than their share. We don't wish to incentivise inefficient behaviour by encouraging customers to duplicate existing assets and build their own network, as these customers would not be able to share any of the efficiency benefits of using a shared network.

3.4.2 Our approach to calculating stand-alone and avoidable cost

The method we implement to evaluate stand-alone and avoidable costs requires a process of reviewing the cost of providing our network services to determine whether they are incurred directly by certain tariff classes or shared across the network.

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

Determine for each of the categories of operating and capital expenditure the proportion of costs that are incurred directly by customers using our network, i.e., whether these costs would not be incurred if the tariff class were no longer supplied.

Determine the underlying driver of these avoidable costs, i.e., whether these costs are driven by:

- the energy served for each tariff class; for example, the amount of maintenance expenditure that we incur is directly affected by customer consumption on the network and the assets required to serve this consumption or
- the number of customers in each tariff class; for example, the cost required to operate our call centre is determined by the number of customers on the network, rather than the consumption on the network itself.

Allocate avoidable costs to each tariff class in the proportion of energy served or customer numbers, as relevant.

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

Estimate those costs that we consider to be non-avoidable, i.e., those not included in the avoidable cost calculations

Determine the extent of these costs that would be required to serve each tariff class as a stand-alone network; for example, subtransmission customers do not require the low voltage network, and

Add these costs onto the avoidable costs for each tariff class to determine the total cost of serving each network on an individual basis.

Given that the bounds imposed by stand-alone and avoidable costs are stable over the long term, JEN has rolled forward our current stand-alone and avoidable cost estimates in the next regulatory period by increasing them by CPI each year, consistent with the methodology used in each year of the current regulatory period.

3.4.3 Stand-alone and avoidable cost test

Table 3-4 below demonstrates that the expected revenue for each tariff class in the first year of the next regulatory period falls between our avoidable cost and stand-alone cost estimates in that year. This allows JEN to recover its efficient costs without creating distortions between customer groups (i.e. there are no cross-subsidies).[14]

Table 3-4: Stand-alone cost, revenue and avoidable cost by tariff class ($2026)

Tariff class	Avoidable costs	Expected revenue	Stand-alone costs
Residential	$17,102,672	$163,361,090	$1,305,131,877
Small and medium business	$6,075,115	$64,606,074	$1,478,108,493
Large business - low voltage	$10,496,591	$71,126,540	$1,666,534,142
Large business - high voltage	$3,528,177	$41,229,047	$555,540,694
Large business - subtransmission	$739,002	$3,518,929	$184,743,174

[14] NER, cl 6.18.5(a) and cl 6.18.5(g).

4. Tariff structures

4.1 Tariff components

We recover our allowed efficient costs from electricity retailers through network tariffs. Electricity retailers recover these costs through the charges they levy on their customers through retail bills. To a large extent, our tariff strategy relies on retailers passing on our pricing signals in their charges to end customers.

Our SCS tariffs are made up of one or more of the following tariff components:

- **Fixed charge:** daily supply charge in dollars per day (**$/annum**). A fixed charge is applied to all of our customers and helps to recover our fixed network costs.
- **Consumption (flat single-rate) charge:** the price for consuming electricity remains the same at all times of day, charged in cents per kilowatt-hour (**c/kWh**). This charge applies to our residential and small to medium business customers on single-rate tariffs.
- **Consumption (peak and off-peak) charge:** the price is higher for consuming electricity during network peak demand times and lower outside of peak times, charged in cents per kilowatt-hour (**c/kWh**). Peak and off-peak tariff components apply to all customers who do not have single-rate tariffs.
- **Consumption (solar soak) charge:** the price (in **c/kWh**) is lower than the off-peak price to incentivise electricity consumption during the 'solar soak' period (11 am to 4 pm) when there is excess energy generation from solar PV in the network. This cheaper solar soak consumption price is being introduced in the next regulatory period and only applies to our new default residential time-of-use tariff (A130) and our opt-in export tariff.
- **Peak export reward and solar soak export charge:** Exporting energy during the network's peak period (4 pm to 9 pm) will provide a credit. Exporting energy during the solar soak period (11 am to 4 pm) when there is already excess energy in the network will result in an export charge (subject to the basic export level (**BEL**) discussed in section 6 below). These components are charged in cents per kilowatt-hour (**c/kWh**) and only apply to our opt-in residential customer export tariff (A10E) and our community battery tariff (A30B). These tariff components are being introduced in the next regulatory period.
- **Demand (kW or kVA) charge:** based on the maximum demand (rate of consumption of electricity) during peak times and charged in dollars per kilowatt (**$/kW**) or dollars per kilovolt-ampere (**$/kVA**). This charge applies to our residential and small and medium business customers who are on demand tariffs, as well as all large business customers.
- **Summer demand incentive charge** (**SDIC**): a demand charge levied during the evening peak (4 pm to 7 pm), charged in cents per kilovolt-ampere per day (**c/kVA/day**). This applies to all of our large business customers during the period in which our distribution network is used the most, which is usually the hottest months of the year, December to March. It aims to incentivise large customers to reduce their demand during peak network times and so minimise their contribution to network peak events.

This section outlines how we plan to structure our tariffs in the next regulatory period. We provide our tariff structures by customer segment based on the tariff classes listed in section 2.1 above:

- residential
- small and medium business
- large business, which includes low voltage (**LV**), high voltage (**HV**) and subtransmission (**ST**) customers.

4.2 Residential customer tariff structures

For the next regulatory period, we are proposing to introduce a new default ToU tariff and an optional export tariff for our residential customers. Our proposed residential customer tariff structures for the next regulatory period are outlined in Table 4-1 below.

Table 4-1: Proposed and current residential customer tariff structures

Tariff	Tariff code	Components	Unit	Notes
Open tariffs				
Residential single-rate	A100	Standing charge	$ per annum	
		Unit rate	c/kWh	Applies at all times
Residential Time of Use (**ToU**) daytime saver	A130	Standing charge	$ per annum	
		Peak unit rate	c/kWh	4 pm to 9 pm local time every day
		Solar soak unit rate	c/kWh	11 am to 4 pm local time every day
		Off-peak unit rate	c/kWh	All other times
Residential export tariff	A10E	Standing charge	$ per annum	
		Peak unit rate	c/kWh	4 pm to 9 pm local time every day
		Solar soak unit rate	c/kWh	11 am to 4 pm local time every day
		Off-peak unit rate	c/kWh	All other times
		Export reward	c/kWh	4 pm to 9 pm local time every day
		Export charge	c/kWh	11 am to 4 pm local time every day
Closed tariffs[15]				
Residential ToU	A120	Standing charge	$ per annum	
		Peak unit rate	c/kWh	3 pm to 9 pm local time every day
		Off-peak unit rate	c/kWh	All other times
Residential demand	A10D	Standing charge	$ per annum	
		Unit rate	c/kWh	
		Demand charge	$/kW per annum	Maximum demand set between 3 pm and 9 pm local time on weekdays and reset monthly
Tariffs closed to new entrants				
Residential off-peak hot water	A180	Standing charge	$ per annum	Set to zero
		Off-peak unit rate	c/kWh	11 pm to 7 am daily (AEST)

4.3 Small and medium business customer tariff structures

Our proposed small and medium business customer tariff structures for the next regulatory period are outlined in Table 4-2 below.

[15] Customers on our A120 and A10D tariffs will be moved to our new A130 tariff. Refer to our *TSS explanatory statement* for more information.

Table 4-2: Proposed and current small and medium business customer tariff structures

Tariff	Tariff code	Components	Unit	Notes
Open tariffs - Business customers with <400 MWh consumption per annum and <120 kVA[16] maximum demand per annum				
Small business single rate (default for customers with consumption of < 40 MWh per annum)	A200	Standing charge	$ per annum	
		Unit rate	c/kWh	Applies at all times
Small business ToU weekdays (available to customers with consumption of < 40 MWh per annum)	A210	Standing charge	$ per annum	
		Peak unit rate	c/kWh	9 am to 9 pm local time on weekdays
		Off-peak unit rate	c/kWh	All other times
Medium business ToU weekdays demand (default for customers with consumption of >= 40 MWh per annum)	A230	Standing charge	$ per annum	
		Peak unit rate	c/kWh	7 am to 11 pm local time on weekdays
		Off-peak unit rate	c/kWh	All other times
		Demand charge	$/kW per annum	Demand charge applied to the maximum demand set using data over the last 12 months (where available)
Medium business ToU weekdays demand (opt-out) (available for customers with consumption of >= 40 MWh per annum and < 160 MWh per annum, but a capital contribution recalculation may be triggered)	A23N	Standing charge	$ per annum	
		Peak unit rate	c/kWh	7 am to 11 pm local time on weekdays
		Off-peak unit rate	c/kWh	All other times
		Demand charge	$/kW per annum	Demand charge set to zero
Unmetered supply	A290	Peak unit rate	c/kWh	7 am to 11 pm local time on weekdays
		Off-peak unit rate	c/kWh	All other times
Tariffs closed to new entrants				
Small and medium business	A20D	Standing charge	$ per annum	
		Unit rate	c/kWh	

[16] JEN uses 120 kVA per annum to differentiate between our small and large business customers. This is based on common connection standards adopted by the Victorian energy industry. 120 kVA is the maximum demand an overhead service cable can deliver to a customer.

Tariff	Tariff code	Components	Unit	Notes
demand (available to customers with consumption of < 40 MWh per annum and meters capable of measuring demand)		Demand charge	$/kW per annum	Maximum weekday demand between 10 am and 8 pm over the last 12 months (where data is available)
Small and medium business ToU extended demand (applicable to existing customers with consumption of < 40 MWh per annum)	A270	Standing charge	$ per annum	
		Peak unit rate	c/kWh	7 am to 11 pm local time
		Off-peak unit rate	c/kWh	All other times
		Demand charge	$/kW per annum	Maximum demand set using data over the last 12 months (where available), subject to a minimum chargeable demand of 60 kW per annum

4.4 Large business customer tariff structures and assignment policy

Our proposed large business low voltage (**LV**) customer tariff structures for the next regulatory period are outlined in Table 4-3 below. As shown in Figure 2-2 above, LV customers are supplied at a voltage level of less than 1 kV.

Table 4-3: Proposed and current large business low voltage customer tariff structures

Tariff	Tariff code	Components	Unit	Notes
Open tariffs				
Large business - LV <= 0.8 GWh	A30C	Each contains a: • Standing charge • Peak unit rate • Off-peak unit rate • Demand charge • Summer demand incentive charge (**SDIC**)	Unit is: • $ per annum • c/kWh • c/kWh • $/kVA per annum • c/kVA/day	Demand charge subject to minimum chargeable demand of 120 kVA per annum
Large business - LV 0.8+/- 2.2 GWh	A32C			Demand charge subject to minimum chargeable demand of 250 kVA per annum
Large business - LV 2.2+/- 6.0 GWh	A34C			
Large business - LV 6.0+ GWh (SDIC)	A37C			Demand charge subject to minimum chargeable demand of 450 kVA per annum
	A30B	Standing charge	$ per annum	

Tariff	Tariff code	Components	Unit	Notes
Large business battery tariff (available upon application and at JEN's discretion to customers with battery storage capacity <= 500 MVA)		Peak unit rate	c/kWh	4 pm to 9 pm local time every day
		Solar soak unit rate	c/kWh	11 am to 4 pm local time every day
		Export charge	c/kWh	11 am to 4 pm local time every day
		Export reward	c/kWh	4 pm to 9 pm local time every day
		SDIC	c/kWh	Levied if a battery is charged during the evening peak (4 pm to 7 pm) in the hottest months of the year (December to March)[17]
Closed tariffs				
Large business - LV <= 0.8 GWh	A300	Each contains a: • Standing charge • Peak unit rate • Off-peak unit rate • Demand charge	Unit is: • $ per annum • c/kWh • c/kWh • $/kVA per annum	These tariffs were maintained through the current regulatory period to transition customers onto fully cost-reflective SDIC tariffs, and all customers remaining on these tariffs in 2025-26 will be transferred to the relevant fully cost-reflective tariff in the first year of the next regulatory period.
Large business - LV_{EN} ≤ 0.8 GWh	A30E			
Large business - LV 0.8+ - 2.2 GWh	A320			
Large business - LV_{EN} 0.8+ - 2.2 GWh	A32E			
Large business - LV 2.2+ - 6.0 GWh	A340			
Large business - LV_{EN} 2.2+ GWh	A34E			
Large business - LV_{MS} 2.2+ - 6.0 GWh	A34M			
Large business - LV 6.0+ GWh	A370			
Large business - LV_{MS} 6.0+ GWh	A37M			
Tariffs closed to new entrants				

[17] This helps to disincentivise battery customers from charging their batteries during the evening peak period and instead charge during the solar soak or off-peak periods.

Tariff	Tariff code	Components	Unit	Notes
Large business - LV_{MS} 2.2+/- 6.0 GWh (SDIC)	A34T	Each contains a: • Standing charge • Peak unit rate • Off-peak unit rate • Demand charge • Summer demand incentive charge (**SDIC**)	Unit is: • $ per annum • c/kWh • c/kWh • $/kVA per annum • c/kVA/day	Demand charge subject to minimum chargeable demand of 250 kVA per annum
Large business - LV_{MS} 6.0+ GWh (SDIC)	A37T			Demand charge subject to minimum chargeable demand of 450 kVA per annum

1) EN is 'embedded network'.
2) MS is 'multiple supply' and these tariffs are only available to non-embedded network customers taking supply from multiple National Meter Identifiers (**NMIs**). These tariffs are closed to new entrants.
3) Maximum demand set to the maximum of the last 12 months of demand (where available) during the hours of 8 am to 8 pm weekdays (local time).
4) Maximum demand for SDIC is set monthly from December to March to the maximum demand incurred during the hours of 4 pm to 7 pm workdays (local time).
5) Peak is 8 am to 8 pm on weekdays (local time) and off-peak is all other times.
6) There is no minimum demand for the summer demand incentive charge, i.e. zero demand in a month between 4 pm and 7 pm on weekdays would incur a zero charge for this tariff component.

Our proposed large business high voltage (**HV**) customer tariff structures for the next regulatory period are outlined in Table 4-4 below. As shown in Figure 2-2 above, HV customers are supplied at a voltage level of 1 kV to 22 kV.

Table 4-4: Proposed and current large business high voltage customer tariff structures

Tariff	Tariff code	Components	Unit	Notes
Open tariffs				
Large business - HV_{CR} (SDIC)	A40C	Each contains a: • Standing charge • Peak unit rate • Off-peak unit rate • Demand charge • SDIC	Unit is: • $ per annum • c/kWh • c/kWh • $/kVA per annum • c/kVA/day	Demand charge subject to minimum chargeable demand of 1,000 kVA per annum
Large business - HV - Annual consumption ≥ 55 GWh (SDIC)	A48C			Demand charge subject to minimum chargeable demand of 10,000 kVA per annum
Large business – HV site-specific	A40S			Demand charge subject to minimum chargeable demand of 1,000 kVA per annum
Closed tariffs				
Large business - HV	A400			Demand charge subject to minimum
Large Business - HV_{EN}	A40E			

Tariff	Tariff code	Components	Unit	Notes
Large business - HV_{RF}	A40R	Each contains a: • Standing charge • Peak unit rate • Off-peak unit rate • Demand charge • SDIC	Unit is: • $ per annum • c/kWh • c/kWh • $/kVA per annum	chargeable demand of 1,000 kVA per annum
Large business - HV - Annual consumption >= 55 GWh	A480			Demand charge subject to minimum chargeable demand of 10,000 kVA per annum
Tariffs closed to new entrants				
Large business - HV_{RF_CR} (SDIC)	A40T	Each contains a: • Standing charge • Peak unit rate • Off-peak unit rate • Demand charge • SDIC	Unit is: • $ per annum • c/kWh • c/kWh • $/kVA per annum	Demand charge subject to minimum chargeable demand of 1,000 kVA per annum

1) EN is ‘embedded network’.
2) RF is a ‘reserve feeder’ and these tariffs are only available to customers with a reserve feeder contract. These tariffs are closed to new entrants.
3) Maximum demand set to the maximum of the last 12 months of demand (where available) during the hours of 8 am to 8 pm weekdays (local time).
4) Maximum demand for SDIC is set monthly from December to March to the maximum demand incurred during the hours of 4 pm to 7 pm workdays (local time).
5) Peak is 8 am to 8 pm on weekdays (local time) and off-peak is all other times.
6) Tariff A40S applies at JEN’s discretion, and only where JEN expects that the customer will have long-term consumption/demand patterns significantly dissimilar to other customers in the tariff class.

Our proposed large business subtransmission (**ST**) customer tariff structures for the next regulatory period are outlined in Table 4-5 below. As shown in Figure 2-2 above, ST customers are supplied at a voltage level above 22 kV.

Table 4-5: Proposed and current large business subtransmission customer tariff structures

Tariff	Tariff code	Components	Unit	Notes
Open tariffs				
Large Business - Subtransmission (SDIC)	A50C	Each contains a: • Standing charge • Peak unit rate • Off-peak unit rate • Demand charge • SDIC	Unit is: • $ per annum • c/kWh • c/kWh • $/kVA per annum • c/kVA/day	Demand charge subject to minimum chargeable demand of 15,000 kVA per annum
Large business - Multiple connections	A50M			
Large business - Subtransmission MA (SDIC)	A50T			
Large business - Subtransmission EG (SDIC)	A50X			
Large business – Subtransmission site-specific	A50S			
Closed tariffs				

Tariff	Tariff code	Components	Unit	Notes
Large Business – Subtransmission	A500	Each contains a: • Standing charge • Peak unit rate • Off-peak unit rate • Demand charge	Unit is: • $ per annum • c/kWh • c/kWh • $/kVA per annum	Demand charge subject to minimum chargeable demand of 15,000 kVA per annum
Large Business - Subtransmission MA	A50A			
Large Business - Subtransmission EG	A50E			

1) EG is an 'embedded generator'.
2) Maximum demand set to the maximum of the last 12 months of demand (where available) during the hours of 8 am to 8 pm weekdays (local time).
3) Maximum demand for SDIC is set monthly from December to March to the maximum demand incurred during the hours of 4 pm to 7 pm workdays (local time).
4) Peak is 8 am to 8 pm on weekdays (local time) and off-peak is all other times.
5) Tariff A50M applies only where the customer has connections from more than one subtransmission loop.
6) Tariff A50A/A50T applies only where the customer is connected to the KTS-TMA-MAT-AW-PV subtransmission loop.
7) Tariff A50S applies at JEN's discretion, and only where JEN expects that the customer will have long-term consumption/demand patterns significantly dissimilar to other customers in the tariff class.

4.5 Exemptions from network tariff charges

JEN may provide network tariff exemptions in certain circumstances.

Customers with generation facilities or batteries will be partially or fully exempt from network tariff charges if the customer has signed a contract with JEN that exempts them from a network tariff. JEN would only seek to enter into this type of contract if:

- there is no other load at the site other than the load associated with the generation facility or battery
- the generator or battery will be called upon to provide network support services and will not actively engage in any competitive market activities while providing these services
- only the generation facility or battery charging load associated with providing network support services will be eligible for the network tariff exemption, which will be applied as part of the rebate based on the network support services provided; and
- the load associated with non-regulated services will be subject to network tariffs consistent with other assets having a similar connection to, and use of, the network.

The exemption of network tariff charges may also impact the calculation of the customers' connection cost and require the customer to waive their right to access avoided TUoS payments. All other batteries must be assigned to tariffs according to the tariff class assignment criteria.

Any generation facilities or batteries owned by JEN and installed to manage the distribution network will be exempt from a network tariff. If a DNSP-owned battery provides non-regulated services under ring-fencing arrangements the load associated with non-regulated services will be subject to network tariffs consistent with other assets having a similar connection to, and use of, the network.

5. Tariff assignment policies and eligibility

This section outlines the SCS tariff assignment and reassignment policies that will apply to our customers for the next regulatory period.

5.1 Residential customer assignment policy

Our residential tariff assignment and reassignment policy has been informed by the views of our customers as part of our extensive customer engagement program. We assign customers to a tariff class when they connect to the network for the first time, for example, build and connect a new home, or move house. We then place our residential customers onto the relevant default network tariff, while still allowing them to choose an alternative tariff.

We propose the following assignment policies for our residential customers:

- Customers with a new connection and an AMI meter, customers who upgrade to three-phase metering and customers who install CER capable of exporting energy back into the network (including solar photovoltaic (**PV**) generation and batteries) will be assigned to JEN's new residential time-of-use (**ToU**) daytime saver tariff (A130).
- Any customer without an AMI meter will be assigned to A100 – Single-rate and will not be able to change this tariff assignment.
- All residential customers on our legacy ToU and demand tariffs (A120 and A10D) will be reassigned to the new residential ToU daytime saver tariff (A130).
- All residential customers except customers with a known dedicated EV charger[18] will have the option to opt out of the new A130 tariff to the A100 tariff.
- Any A100 customer with an AMI meter may opt into any cost-reflective residential tariff, A130 or A10E.
- Customers who have a dedicated EV charger who are not identified at the time of installation will be assigned to the new A130 tariff when a register or other formal means of identification becomes available. These customers will no longer be able to access the single rate tariff (A100) once this occurs.

5.2 Small and medium business customer assignment policy

Customers with consumption below 400 MWh *and* demand below 120 kVA will be assigned to the small and medium business tariff class. We are proposing to retain our small and medium business tariff assignment and reassignment policies from our current regulatory period. This will ensure that our new small and medium business customers will be placed on the relevant default tariff, while still allowing customers under the 160 MWh consumption per annum threshold to retain a choice. For the next regulatory period:

- New customers with an estimated demand of less than 120 kVA per annum and an estimated consumption of less than 400 MWh per annum are eligible for assignment to the small and medium business tariff class.
- New customers with an AMI and having estimated consumption of less than 40 MWh per annum, or existing customers who upgrade to three-phase metering or install CER capable of exporting energy back into the network, will be assigned to the small business ToU weekday tariff (A210).
- Customers with a basic meter will be assigned to the single-rate tariff (A200). These customers will not have the option to move to any other tariffs unless they install an AMI, MRI or CT meter.

[18] A dedicated charger is a dedicated charger for an electric vehicle with a specified capacity or charging rate of 3.6kW or greater.

- New customers with an AMI, MRI or CT meter and consumption of greater than 40 MWh per annum (and less than 400 MWh per annum), or existing customers who upgrade to three-phase metering or install CER capable of exporting energy back into the network, will be assigned to the small and medium business ToU weekday demand tariff (A230).
- Customers with a known dedicated EV charger may not move to the single-rate tariff (A200). Any A200 customer identified as having a dedicated EV charger will be moved to A210 or A230, depending on their consumption and demand.

Customers in the small and medium business tariff class with consumption of less than 40 MWh per annum have the option to move to the following tariffs:

- A200 - Small business single-rate (except customers with dedicated EV chargers when a register or other formal means of identification becomes available)
- A210 - Small business ToU weekdays.

Customers in the small and medium business tariff class with consumption of 40 MWh per annum or more have the option to move to the following tariffs:

- A230 - Medium business ToU weekdays demand
- A23N - Medium business ToU weekdays demand (opt-out), if consumption remains under 160 MWh per annum.

5.3 Large business customer assignment policy

Large business customers are assigned to a tariff based on their connected voltage level, type of connection and annual consumption. Table 5-1 below describes the criteria for each tariff.

Table 5-1: Tariff assignment for large business customers

Tariff	Tariff code	Connection		Annual consumption (GWh)	
		Voltage	Type	Minimum	Maximum
Large business - LV <= 0.8 GWh (SDIC)	A30C	Low voltage	Non-embedded	0	0.8
Large business - LV_{EN} <= 0.8 GWh (SDIC)			Embedded		
Large business - LV 0.8+ - 2.2 GWh (SDIC)	A32C		Non-embedded	0.8	2.2
Large business - LV_{EN} 0.8+ - 2.2 GWh (SDIC)			Embedded		
Large business - LV 2.2+ - 6.0 GWh (SDIC)	A34C		Non-embedded	2.2	6.0
Large business - LV_{EN} 2.2+ GWh (SDIC)			Embedded	2.2	6.0
Large business - LV_{MS} 2.2+ - 6.0 GWh (SDIC)	A34T		Non-embedded	2.2	6.0
Large business - LV 6.0+ GWh (SDIC)	A37C		Non-embedded	6.0	-

Tariff	Tariff code	Connection		Annual consumption (GWh)	
		Voltage	Type	Minimum	Maximum
Large business - LV_{MS} 6.0+ GWh (SDIC)	A37T		Non-embedded		
Large business - HV (SDIC)	A40C	High voltage	Non-embedded	-	55.0
Large business - HV_{EN} (SDIC)			Embedded	-	55.0
Large business - HV_{RF} (SDIC)	A40T		Non-embedded	-	55.0
Large business - HV - Annual consumption ≥ 55 GWh (SDIC)	A48C		Non-embedded	55.0	-
Large business - HV site specific	A40S		By negotiation	-	-
Large Business - Subtransmission (SDIC)	A50C	Subtransmission	Non-embedded	-	-
Large business - Multiple connections	A50M		Multiple feeders		
Large business - Subtransmission site specific	A50S		By negotiation		
Large business - Subtransmission MA (SDIC)	A50T		Non-embedded		
Large business - Subtransmission EG (SDIC)	A50X		Embedded generation		

Our complete tariff assignment and reassignment policy is provided in Appendix B of our TSS explanatory statement.

6. Export tariff transition strategy

Section 6.8.2(c1)(1)(ii) of the NER requires DNSPs to submit an export tariff transition strategy as part of their TSS.[19] This section outlines our approach to introducing export tariffs to help provide certainty to our customers and other stakeholders.

Consistent with the Victorian Government's policy[20] and in concert with other Victorian DNSPs, the main pillar of our export tariff transition strategy in the next regulatory period is to offer an *opt-in* export tariff for our residential customers. We are also proposing to convert our current trial battery tariff to a permanent tariff for large business customers with batteries.

While revenue recovery from export tariffs is expected to be relatively small in the next regulatory period, we expect that network support through export tariff components will be normalised through most Australian DNSPs by 2031. The introduction of these network tariff components is therefore an important step in familiarising JEN's customers with export tariff components.

6.1 Overview of residential export tariff and assignment

From 1 July 2026, JEN will offer an *opt-in* export tariff (A10E - Residential - Export) to all residential customers. This tariff will be most beneficial to those customers who can offer network support through self-consuming or storing electricity in times of peak solar exports and exporting energy during times of peak network demand. However, this tariff will be available to any residential customer who decides to opt in.

Price levels for A10E will initially be set so that a typical default ToU tariff customer (A130) who owns a battery and who opts into the export tariff would be no worse off on A10E. However, JEN will monitor the usage profiles of customers who have chosen this tariff and alter export charge/export reward ratios to incentivise network-supporting behaviours in subsequent years of the next regulatory period. Any changes would be noted in the relevant year's annual pricing proposal. As this tariff is opt-in, customers may also opt out at any time.

Given the early stages of adoption, the low export LRMC rate, consumer hesitancy and a lack of customer familiarity, along with the fact that this is an opt-in tariff, we do not expect that the uptake or incentives in these tariffs will have a material impact of the level of distribution network investment in the next regulatory period.

Refer to our tariff structure explanatory statement for further information on the assumptions, analysis and customer engagement involved in developing this tariff.[21]

6.2 Basic export level

A basic export level (**BEL**) is the amount of electricity that a customer will be able to export to the grid without incurring an SCS charge. In principle, the BEL should reflect our network's capacity to accept exports from our customers with no further network investment. This is often referred to as a network's 'intrinsic hosting capacity'.

Outside of the solar soak period (i.e. from 4 pm to 11 am on any day), customers on our A10E export tariff will be able to export any amount of energy to the distribution network without charge within the confines of the Model Standing Offer (**MSO**) agreement. JEN will take a "postage stamp" pricing approach to the BEL, ensuring that customers across the distribution network are not penalised for receiving energy from specific substations, over which they have no control.

Currently, critical minimum demand events associated with excess export onto JEN's distribution network only occur during this solar soak period from 11 am to 4 pm each day. Therefore, we consider that the BEL should be equal to zero during these critical minimum demand events when excess solar PV generation is being exported

19 NER, cl. 6.8.2(c1)(1)(ii)

20 JEN - DEECA - 09-05 ToU proposal for the 2026-31 TSS - 20240513

21 *JEN - Att 09-02 Tariff structure statement explanatory statement.*

onto our network. It is also during this solar soak period that DNSPs should be able to signal the costs associated with excess exports to our customers.

However, the AER has signalled that it does not accept a BEL of zero because this is not consistent with the expectations outlined in its export tariff guideline.[22] Therefore, JEN proposes to adopt a nominally low BEL of 1 kWh per day during the solar soak window, which is the period of peak solar exports. This approach is consistent with the approach of DNSPs in Victoria and other DNSPs in the NEM, including Ausgrid and Evoenergy. In the event laws or regulations are introduced to require JEN to impose zero capacity experts, either across some or all of our customers, the BEL will be set to zero.

6.3 Overview of battery tariff and assignment

Since 1 July 2023, JEN has offered a trial community battery tariff to large business customers, including an export component and reward. We propose to formalise this in the next regulatory period, offering tariff A30B - Large Business battery tariff to any approved large customer having a battery with a supply capacity of up to 500 MVA. This tariff will be opt-in only and at JEN's discretion.

Uniquely for Large Business tariffs, A30B will have an evening peak period of 4 pm to 9 pm every day, during which a credit will be applied for exporting and a higher tariff for importing or energy consumption. This peak period reflects that the utility of these batteries in network support will be during the evening peak period for residential customers when the distribution network is under the greatest demand, as most customers assigned to this tariff are expected to be community batteries located in residential areas and therefore connected to residential zone substations.

Similarly to the residential export tariff, JEN will set a nominal BEL of 1 kWh per day for A30B.

Refer to our tariff structure explanatory statement for further information on the assumptions, analysis and customer engagement involved in developing this tariff.[23]

6.4 Tariff trials

JEN has developed trial tariffs in the current regulatory period that have provided information about customer preferences, preferred price levels and customer appetite for new tariffs. JEN intends to continue this innovative approach to tariff setting. The AER states in the export tariff guideline[24] that export tariffs must be approved by the AER, so any trial tariff involving export would be developed in close consultation with the AER, customers and retailers.

22 AER, Export Tariff Guidelines, October 2024.

23 *JEN - Att 09-02 Tariff structure statement explanatory statement - 20250131*

24 AER, Export Tariff Guidelines, October 2024, p. 1.

7. Alternative control services

In addition to our SCS, our ACS include user-requested, public lighting and AMI smart metering services where the DNSP is the metering provider.[25] The full costs of these services are attributed to the customer who receives the service. There is a single tariff class for our ACS – the 'alternative control services tariff class'. For ACS, we also propose to retain our current tariff classes from the current regulatory period into the next regulatory period.

Within this tariff class, there are multiple user-requested services, each with their own associated price or unit rate that we propose in the network regulatory period. The method for determining prices for these services takes two different forms, as described in Table 7-1 below.

Further details on JEN's ACS can be found in Attachment 11-01.[26]

Table 7-1: JEN's fee-based and quoted alternative control services

Service	Description
Fee-based services	Fee-based services include: • Ancillary Network Services for which the AER has applied a cap on prices, such as basic connections, de-energisations and re-energisations. • Metering services for 'small customers' (Type 5, 6 and AMI meters), Type 7 metering and other auxiliary metering services that are provided on a customer-requested basis.[27] • The operation, maintenance and replacement (**OMR**) services for public lighting, for which the AER has applied a cap on the price per lighting type.
Quoted services	Services for which the AER has placed a cap on the applicable labour rates (inclusive of labour on-costs and overheads). Prices for quoted services are based on quantities of labour plus materials, contractor services, tax recovery and margin.

7.1 NER compliance

The prices we have proposed for ACS reflect the efficient cost of providing each service, demonstrating our compliance with the NER[28]. Price changes in each year of the regulatory period are defined by the relevant control mechanism, which we will apply during each annual pricing proposal.

25 Our smart metering services include the provision of smart meters for small customers and associated data services. These services are the same as those applied during the current regulatory period.

26 *JEN - Att 11-01 Alternative control services*

27 The definitions of different meter types can be found in our classification of services attachment to our next regulatory period proposal. See: *JEN - Att 04-01 Classification of services - 20250131.*

28 NER, cl 6.18.5(a)

Appendix 1 - SCS indicative pricing schedule

The NER require that a TSS must be accompanied by an indicative pricing schedule, which sets out, for each tariff for each regulatory year of the regulatory control period, the indicative price levels determined in accordance with the TSS.[29]

JEN's indicative SCS pricing schedule is provided in the AER's preferred Excel template.[30]

[29] NER, cl. 6.18.1A(e).

[30] *JEN - Att 09-04 SCS indicative pricing schedule.*

Appendix 2 - ACS indicative pricing schedule

The NER require that a TSS must be accompanied by an indicative pricing schedule, which sets out, for each tariff for each regulatory year of the regulatory control period, the indicative price levels determined in accordance with the TSS.[31] JEN's indicative ACS prices are provided in Appendix A of Attachment 11-01.[32]

31 NER, cl. 6.18.1A(e).

32 *JEN - Att 11-01 Alternative control services.*