Jemena Electricity Networks (Vic) Ltd

2026-31 Electricity Distribution Price Review Regulatory Proposal

Attachment 11-01

Alternative Control Services

Table of contents

List of tables

List of appendices

Glossary

Current regulatory period	The regulatory control period covering 1 July 2021 to 30 June 2026.
Next regulatory period	The regulatory control period covering 1 July 2026 to 30 June 2031.
Previous regulatory period	The regulatory control period covering 1 January 2016 to 30 June 2021.
Public lighting services	Public lighting services include: • operation, maintenance, repair and replacement of public lighting services (OMR) • alteration and relocation of public lighting assets • new public lighting services including greenfield sites & new light types (distributor provided) and • provision, construction and maintenance of emerging public lighting technology.
Smart metering services	Smart metering services include meter provision, maintenance, reading, and data provision activities, which are bundled into a single metering service for type 5, 6, and smart meters.
Standard model	The AER's standardised model[1] for setting out ancillary services (a subset of alternative control services) for Distribution Network Service Providers.

[1] AER, *Standardised model for ancillary network services, Final decision, Electricity distribution network service providers*, March 2022.

Abbreviations

ACS	Alternative Control Services
AEMC	Australian Energy Market Commission
CAM	Cost Allocation Methodology
CES	Certificate of Electrical Safety
CT	Current Transformers
DNSP	Distribution Network Service Provider
EWP	Elevated Work Platform
EWR	Electrical Work Requests
F&A	Framework and Approach Paper
FY	Financial Year
GIS	Geographical Information Systems
HV	High Voltage
JEN	Jemena Electricity Networks (Vic) Ltd
kW	kiloWatt
NEL	National Electricity Law
NEM	National Electricity Market
NER	National Electricity Rules
O&M	Operation and Maintenance
OMR	Operation Maintenance and Replacement
RAB	Regulatory Asset Base
REC	Registered Electrical Contractors
SCS	Standard Control Services
SO	Service Orders
WDV	Written Down Value

Overview

Our standard control services (SCS) are central to the supply of electricity and are relied upon by all of the customers we serve. In addition, we provide other distribution services to customers on request; these are termed alternative control services (ACS). These services are set out under the following service groupings for the 2026-31 regulatory control period (next regulatory period) and are consistent with the Australian Energy Regulator's (AER) final Framework and Approach paper (F&A)[2]:

- connection services—section 3
- connection application and management services— section 4
- enhanced connection services—see section 5
- network ancillary services—see section 6
- auxiliary metering services— see section 7
- public lighting services— see section 8

In section 1, we outline our approach to setting rates that apply to ACS and in section 2 we outline our approach to determining efficient labour rates.

ACS will continue to be classified as either fee-based or quoted services

Consistent with the control mechanism for alternative control services set out in the AER's final F&A:[3]

- We propose to charge a fixed fee for some of the ACS because the work we have to carry out, and the costs we incur in doing so are relatively constant. We call these services **fee-based services**. For these services, we set prices for the first regulatory year in the next regulatory period and then increase the prices each year to account for real input price escalation (defined as X-factors for simplicity) and actual CPI.
- For other ACS, costs can vary significantly depending on the nature of the work. For such services, we propose to price each job separately when the scope of the work is known—taking labour, materials, contractor costs and other costs into account. Of these components, the AER considers the hourly labour rate we apply to each quote. These types of services are referred to as **quoted services**.

This attachment explains the ACS we propose to classify as fee-based and quoted services (including describing the commonly requested services). It sets out the calculation of key inputs into the price control mechanism for ACS (other than smart metering services and public lighting services which are discussed in Attachments 10-01 and 11-02 respectively) – including real price movements (X-factors) for each year of the next regulatory period – and shows how these inputs are used to calculate prices.

This document also sets out our approach to setting the labour rates proposed to be used for our fee-based and quoted services including for smart metering services. For more information on our proposed price control mechanisms, see Attachment 04-02. The models underpinning these charges and labour rates are in Attachments 11-03, 11-04 and 11-05 respectively.

There are two new additions to our ACS in the next regulatory period

We manage a wide variety and significant volume of data requests on an individual, ad-hoc basis. Data requests range in size and complexity and sometimes require dedicated staff to manage. The AER has accepted our proposal to classify provision of standardised and non-standardised network data services in its F&A as SCS and

[2] AER, *Framework and approach: AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31*, July 2024.

[3] AER, *Framework and approach: AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31*, July 2024, pp. 13-15.

ACS, respectively.[4] This document includes our proposed approach to charging non-standardised network data services.

The AER has also accepted our proposed minor clarifications to include 'Management of export and load at a customer site that provides the customer greater network capacity than they would be otherwise eligible' as a service under enhanced connection services.[5]

Smart metering services

The F&A also classified smart metering services as ACS for which we have a different approach to pricing. Smart metering services include meter provision, meter maintenance, meter reading and meter data provision activities, which are bundled into a single metering service for type 5, 6 and smart meters. Victorian Distribution Network Service Provider (DNSP) are exclusive providers of smart metering services to residential and small business customers consuming up to 160 MWh of electricity per annum.

Consistent with the F&A[6] and past regulatory determination, we propose smart metering services remain classified as ACS and subject to revenue cap control mechanism for determining prices. We provide more information on these services in Attachment 10-01 and related pricing models.

Public lighting services

Consistent with the F&A[7] and past regulatory determination, we propose public lighting services remain classified as ACS for the next regulatory period and subject to a price cap control mechanism for determining prices. We provide more information on public lighting services in Attachment 11-02 and related pricing models.

List of supporting attachments

Table OV–1: List of supporting attachments

Attachment	Name
11-01	JEN - Att 11-01 Alternative control services - 20250131 - Public
11-02	JEN - Att 11-02 Public lighting services - 20250131 - Public
11-03M	JEN - Att 11-03M ACS Labour rate model - 20250131 - Public
11-04M	JEN - Att 11-04M ACS Fee based services model – 20250131 – Public
11-05M	JEN - Att 11-05M ACS Public lighting model – 20250131 – Public
11-06M	JEN - Att 11-06M ACS Public lighting inputs model – 20250131 - Public

4 AER, *Framework and approach: AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31*, July 2024, pp. 6-7.

5 AER, *Framework and approach: AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31*, July 2024, p. 9.

6 AER, *Framework and approach: AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31*, July 2024, pp. 32-33.

7 AER, *Framework and approach: AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31*, July 2024, p. 10.

1. Our approach to the pricing of alternative control services

Jemena Electricity Networks (Vic) Ltd. (JEN) proposes to apply fixed prices for ancillary services (a subset of alternative control services) where the scope of activities is highly predictable and generally uniform. In our proposal, we refer to these services as **fee-based services**. For the remaining ancillary services, prices will be quoted by way of a cost-pass through using standardised labour rates, along with the cost of materials, contractor services and other costs. That is because the scope of the services can vary significantly between jobs and prices can only be determined when the scope of the work is known. We refer to these services as **quoted services**.

We have set out the fee-based services and our proposed fixed prices for each of the services in the first year of the next regulatory period in Table 9. Table 10 shows our proposed real input price escalation (defined as X-factors) for the subsequent years in the next regulatory period.

Our proposed annual price changes for fee-based services and labour rates for quoted services account for inflation (using CPI) and real input price movements in labour costs (X-factors).

1.1 Modelling ancillary service prices for the next regulatory period

To a large extent, JEN has adopted the AER's standardised **Ancillary Network Services** model[8] (**standard model**) for developing fee based and quoted services alternative control prices, however, we also made a few modifications.

The standard model has some key benefits,[9] including:

- clearer understanding of information requirements
- increased scope and ability for retailers and customer to engage in the consultation process
- streamlined AER processes.

However, as noted in the AER's standard model documentation, the model is in it's infancy and may require further modifications following the price reset process of the DNSPs.[10] We note the comments in section 2.2 of the standard model documentation which indicates that modification is only necessary to a small number of DNSPs (noting the list of DNSPs does not include JEN). However, having gone through the ancillary services price development as part of our JEN 2026-31 proposal preparation, we found the standard model could not meet all of our requirements for proposing fee based and quoted services prices.

Balancing the benefits of the standard model against meeting our requirements in developing our proposal, we kept the model modifications to a minimum.

1.2 How we determine prices for fee-based services

We determine our prices for fee-based services in accordance with the price control mechanism set out by the AER for these services in its final F&A. Under this price control mechanism, initial prices for the first year of the regulatory period are set by the AER for each fee-based service in its distribution determination. These prices are then adjusted to account for changes in CPI and real input price escalations and the X-factors determined by the AER.

We have adopted a bottom-up approach to develop prices for all our fee-based services, except for reserve feeder maintenance service and type 7 metrology services, which are determined using a top-down approach. The proposed prices are based on forecasted efficient costs of delivering services. These costs include:

- labour and materials costs
- charges we pay to service providers
- administrative and other direct costs

8 AER, *Standardised model for ancillary network services, Final decision, Electricity distribution network service providers*, March 2022.

9 Ibid, s. 1.2.

10 Ibid s. 2.2.

- indirect costs (overheads)[11]
- margin
- taxation costs for services that are capital in nature, consistent with JEN's capitalisation procedures and previous AER final decision for JEN.[12]

Including a margin for fee-based alternative control is consistent with the principle of competitive neutrality and the revenue and pricing principles in the NEL.[13] It ensures that customers pay a price similar to that in a competitive market.

The standard labour rates—which include on-costs but exclude overheads[14]—we apply the cost build-up model for fee-based services are the same as those we have proposed for quoted services,[15] The material costs reflect the forecast cost of materials directly incurred in providing the service. We then add the overheads and margin for each service, and for those services that are capital in nature, we add the tax liability we incur consistent with our tax obligations.

We have escalated the labour rates by forecasting real input price changes over the next regulatory period, which has been determined using the average of forecasts by Oxford Economics[16] and Deloitte Access Economics[17] of wage-price indices for the Victorian utilities sector. A report from Oxford Economics explaining their forecast is provided as Attachment 05-07 to our regulatory proposal.

The relevant sections of this attachment describe how we derived these prices, and the calculations are shown in the cost build-up model for fee-based services in Attachment 11-04.

Wasted site attendance

We propose to continue to charge for wasted site attendance to service requests where, on arrival at the site, it is found that the customer's premises are not ready for the scheduled work. For example, the required site preparations have not been made, and therefore the work we were planning to carry out cannot be performed, or if the site is not safe to undertake the work or access to the site is limited. In these circumstances, our administrative staff would have to perform the necessary activities and dispatch a service crew, and the field workers would have gone to the site.

The time spent by our administrative staff and line workers would essentially be the same as for a completed service order, except that it would be closed out by both workgroups with an explanation as to why the job was not completed. In these circumstances, the administrative and field worker costs cannot be avoided; and the only cost that can be avoided is the cost of materials on the basis that the materials can be used for other jobs.

1.1 How we determine prices for quoted services

This Attachment explains how we propose to determine the prices for quoted services for the purposes of applying the control mechanism in Attachment 04-02.

The activities undertaken for quoted services are not uniform in scope, and therefore, we will determine the price on a case-by-case basis. To calculate quoted prices, we apply the applicable labour unit rates approved by the

11 See section 2.4 for more details.

12 See section 3.2.6 for more details.

13 NEL s. 7A(5) states, "A price or charge for the provision of a direct control network service should allow for a return commensurate with the regulatory and commercial risks involved in providing the direct control network service to which that price or charge relates".

14 See section 2.2.2 for more details.

15 However, we apply fleet costs differently between fee-based and quote services.

16 JEN has used Oxford Economics' forecast Wage Price Index of the Victorian Electricity, Gas, Water and Waste Services ('Utilities') sector, sourced from Attachment 05-07.

17 Deloitte Access Economics, *Labour Price Growth Forecasts prepared for the AER*, 20 August 2024.

AER—multiplied by the time taken by each applicable labour category—and then add the costs of materials, contractor services and tax:

Price = Labour + Materials + Contractor services + Margin +Tax allowances

Where:

- *Labour* consists of all labour costs directly incurred in the provision of the service, including labour on-costs and overheads, consistent with JEN's Cost Allocation Methodology (**CAM**).[18] The approved labour rates are escalated annually for CPI and labour escalators. See section 2 outlining our approach to deriving labour rates. Our proposed labour rates are provided in Table 12 and the proposed escalation is provided in Table 13.
- *Materials* costs reflect the cost of materials directly incurred in the provision of the service, material storage and logistics on-costs and overheads.
- *Contractor services* costs reflect all costs associated with using contracted labour, including overheads and any direct costs incurred. Direct costs are passed on to the customer.
- *Margin* is an amount for a reasonable return of services, in the next regulatory control period, we propose a rate of 6% consistent with other recent regulatory determinations. The margin is applied to the total cost of *Labour*, *Contractor Services* and *Materials*.
- *Tax allowance* reflects the tax JEN incurs on the capital component of the expenditure or any other tax payable on the service provided.[19]

Tax allowance

The approach to classifying alternative control services means that capital expenditure costs will not be added to the Regulatory Asset Base (RAB) and, therefore, do not—on first appearance—give rise to the need for a tax allowance. However, given the capital nature of assets provided in the provision of some connection services, JEN capitalises these costs for tax and accounting purposes and will incur a tax liability for the service on the revenue less depreciation over time.

Clause 7A(2)(a) of the National Electricity Law (**NEL**) requires that a DNSP be given a reasonable opportunity to recover at least the efficient costs the operator incurs in providing direct control network services, be they alternative control services or standard control services.

As we cannot avoid incurring the tax liability, we believe the tax liability to be an efficient cost and, therefore, consider that the price control formulae must provide an ability to recover the tax liability associated with the connection works. See further discussion on tax liability in section 3.2.6.

Examples of fee based and quoted ACS services classified as alternative control services in the F&A[20] that are capital in nature include:

- Temporary connection greater than 100 amps per phase[21]
- Upgrade of overhead supply to underground
- Reserve feeder installation
- Enhanced Connection Services

[18] JEN, *Cost Allocation Methodology v3.1*, 29 March 2019, section 3.2.

[19] For further details, see Attachment 04-02 on our proposed price control mechanisms.

[20] AER, *Framework and Approach, AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026–31, July 2024*, Appendix A.

[21] Temporary supply connections greater than 100 amps per phase are provided to developers of large commercial buildings and large public infrastructure projects, for example, road construction tunnel.

Margin

Including a margin in the price cap formula for ancillary network services provided on a quotation basis is consistent with the principle of competitive neutrality and the revenue and pricing principles in the NEL.[22] It ensures that customers pay a price similar to that in a competitive market.

The AER has maintained that the price cap formulae for quoted ACS will include margin and tax components and has noted that this approach is consistent with its final decisions for New South Wales, Australian Capital Territory, Northern Territory and Tasmanian distributors and the final F&A for Queensland and South Australian DNSPs.[23]

[22] NEL s. 7A(5) states ''A price or charge for the provision of a direct control network service should allow for a return commensurate with the regulatory and commercial risks involved in providing the direct control network service to which that price or charge relates".

[23] AER, *Framework and approach: AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31*, July 2024, p. 13.

2. Our approach to deriving labour rates for ACS

The AER assesses and approves the labour rates for alternative control services (ACS) as follows:

- It determines a price cap for fee-based services based on the cost inputs and average time taken to perform each service. These apply to services that tend to be homogenous in nature and scope and can be costed in advance of supply. Labour rates (including on-costs but not overheads) are one of the cost inputs for the price cap for fee-based services.
- It determines labour rates (including on-costs and overheads) that we need to apply for quoted services. The AER does not determine a price cap for quoted services because the quantities of labour and materials required will depend on the unique requirements of a customer.

Our customers have told us that affordability remains to be one of their main concerns. We are mindful of that concern in setting our proposed labour rates. Our forecast labour rates are based on current, and comparable publicly available information to ensure our prices are determined on an efficient cost basis.

Further, our approach to setting labour rates is consistent with the AER's preferred methodology, which uses the methods outlined in the AER's standardised model for ancillary network services.[24]

2.1 Our methodology

Under our approach, we use the following labour categories for our ACS over the next regulatory period consistent with the categories of labour used in the 2021-26 regulatory control period (Current Regulatory Period). These labour categories reflect our workforce profile for ACS.

1. Administrative officer (business hours)
2. Engineer (business hours)
3. Field worker (business hours)
4. Field worker (after hours)
5. Senior Engineer (business hours)
6. Technical specialist (business hours)

The key components of our forecast labour rates are base labour rates, on-costs and attributed overhead costs. Base labour rates are based on the most basic salary, which excludes bonuses, overtime pay, and other benefits. On-costs include basic leave allowances, superannuation, workers compensation, payroll tax, annual leave loading, long service leave loading and training and development. Overhead costs are costs other than direct costs a portion of which is added into the base labour rates plus on-costs.

2.1.1 Our approach is generally consistent with the AER's approach

Our methodology follows Marsden Jacob's approach to setting the labour rates for ancillary network services as part of its report to the AER in June 2020.[25] The AER has since adopted Marsden Jacob's recommended approach during the 2021 electricity distribution price review for the Victorian electricity distributors and in its most recent price determination for New South Wales electricity distributors. Table 2 outlines our approach.

[24] AER, *Standardised model for ancillary network services, Final decision, Electricity distribution network service providers*, March 2022.

[25] Marsden Jacob Associates, *Review of ancillary network services: CitiPower, Powercor, United Energy, Jemena and AusNet – Advice to the Australian Energy Regulator*, 30 June 2020.

Table 2: Approach to setting our labour rates for alternative control services

Steps	Details
Select salary ranges for Engineer, Senior Engineer and Administrative Officer	Salary ranges for energy related occupations sourced from Hay's salary guide 2024-25.[26]
Select salary ranges for Technical Specialist and Field Worker	Salary ranges for energy related occupations sourced from Hay's salary guide 2022-23[27], escalated to 2024-25 prices. Hays has stopped reporting salary ranges for Field Workers and Technical Specialist after 2022-23 hence this alternative approach.
Convert each of the six labour categories into base hourly rates	The maximum salary for each labour category is divided by the number of weeks in a year (52 weeks) and hours in a week (38 hours) to arrive at the base hourly rates for each labour category.
Escalate the base hourly rates for on-costs	The base hourly rates are escalated by the on cost factor of from 19 per cent to 49 per cent depending on the labour category. Further details are discussed in section 2.2.2 below.
Escalate the base hourly rates (including on-costs) for attributed overhead costs	The base hourly rates (including on-costs) were further escalated by the proportion of overhead to directs costs which we determine to be 61 per cent. Further details are discussed in section 2.2.3 below.
Escalate the base labour rates (including on-costs and overhead costs) for an allowance to account for salary stickiness in the Hays survey data	We used Marsden Jacob's recommended 2.5 per cent allowance for salary stickiness in the Hays survey data which the AER has continued to adopt to its price determination for New South Wales DNSPs.
Add an hourly vehicle cost for Technical Specialist and Field Worker.	We escalated the vehicle allowance as outlined by Marsden Jacob[28] to current year values for (quoted services only).

2.2 Forecast labour rates for alternative control services for the next regulatory period

Table 3: Base labour rates + on-costs (excludes overheads), ($Real, 2024-25)Table 3 sets out our forecast labour rates for ACS for the next regulatory period. Details are in the accompanying attachment 11-03M.

Table 3: Base labour rates + on-costs (excludes overheads), ($Real, 2024-25)

Labour category	Base labour rates	Base labour rates + on-costs	Base labour rates + on-costs + overhead costs[29]
Administrative officer (business hours)	45.42	66.39	94.11
Engineer (business hours)	100.94	148.64	210.25
Technical specialist (business hours)	74.67	109.95	155.52

[26] Hays, Salary Guide FY24/25.

[27] Hays, Salary Guide FY22/23.

[28] Marsden Jacob Associates, *Review of ancillary network services: CitiPower, Powercor, United Energy, Jemena and AusNet – Advice to the Australian Energy Regulator*, 30 June 2020.

[29] Also includes wage measure stickiness costs.

Labour category	Base labour rates	Base labour rates + on-costs	Base labour rates + on-costs + overhead costs[29]
Senior Engineer (business hours)	121.13[30]	178.37	252.30
Field worker (business hours)	68.49	102.20	144.00
Field worker (after hours)	158.81	189.49	286.41

We construct these rates based on several key employment arrangements and related obligations which we outline below.

2.2.1 Base labour rates

Base labour rates are the most basic hourly labour rates. They exclude all on-costs and overheads. They do not include provisions for leave allowances.

As outlined in Table 2 above, we used Hays' 2024-25 salary guide as the underlying basis for our base labour rates. The exceptions are the base hourly rates for Field Worker and Technical Specialist. Hays stopped reporting salary ranges for energy-related occupations specific to Field Worker and Technical Specialist starting from 2023-24. Given this, we used Hay's 2022-23 salary guide (escalated to $2024-25) to set the base labour rates for Field Worker and Technical Specialist.

Consistent with Marsden Jacob's approach, we used the maximum salary range to estimate the base labour rates. We consider our forecast base labour rate to be reasonable as it is within the range of base labour rates approved by the AER for Essential Energy's and Ausgrid's 2024-29 price determination.

2.2.2 On-costs

We have added the following on-costs to the base labour rates for each labour category:

- basic leave entitlements, including annual leave, sick leave and public holidays
- standard on-costs such as superannuation, workers compensation, payroll tax, annual leave loading and long service leave based on federal and state law requirements and allowances for field worker.

We apply the on-costs as a percentage (all on-costs compounded together) to the base labour rates for each labour category [except for Field Worker-after hours given the Field Worker (business hours) already capture the on-costs]. Table 4 outlines the percentages we have applied.

Table 4: Proposed on-costs

On-cost	Per cent applied on base labour cost (office based)	Per cent applied on base labour cost (field worker – business hours)
Standard leave (annual leave, sick leave, public holidays)	17.15%	18.78%
Superannuation	12.00%	12.00%
Workers compensation	0.65%	0.65%
Payroll tax	5.85%	5.85%

[30] Used the AER's approach and applied a 20% uplift for engineer salary.

On-cost	Per cent applied on base labour cost (office based)	Per cent applied on base labour cost (field worker – business hours)
Annual leave loading	2.00%	2.00%
Long service leave	2.50%	2.50%
Allowances	0.00%	0.70%
Training and development[31]	0.00%	0.00%[32]
Proposed on-costs (compounded percentages)	**46.15%**	**49.22%**

Standard leave

We derive a labour standard leave rate as the percentage of net available working hours relative to available working hours in a year.

$$Standard\ leave\ rate = \frac{Total\ standard\ leave\ hours}{Net\ available\ working\ hours}$$

To calculate the total standard leave hours, we take into account the total leave entitlements in a year—namely, four weeks of annual leave plus public holidays plus the sick leave days claimed per year. The sick leave considered in the calculation is the average hours claimed by our office-based staff and field workers based on historical data, which is less than our employees' entitlement. Net available working hours equates to the total available work hours (based on 52 weeks of available workdays) less the total standard leave hours. The calculation is shown in Table 5.[33]

Table 5: Standard leave calculation

Calculation of standard leave relative to net available working hours	Office based staff	Field worker (BH)
Available hours (per day)	7.5	8.0
Available days (per fortnight)	10	9
Available working fortnights (per year)	26	26
Total available working hours (per year)	**1,950**	**1,872**
Annual leave hours (per year)	150	144
Public holiday hours (per year)	82.50	88
Sick leave hours (per year)	53	64
Total standard leave hours (per year)	**286**	**296**
Net available working hours (per year)	**1,665**	**1,576**
Standard leave rate	**17.15%**	**18.78%**

[31] Administrative Officer does not include costs for training and development.

[32] The standard leave for Field Worker already includes allowance for work group meetings, training and development, schooling and any business updates.

[33] The net available working hours are the hours we can recover an employee's standard leave entitlement. The calculation of standard leave hours is consistent with section 1.3.2 of the report prepared for the AER by Marsden Jacob Associates.

Superannuation

We have applied a percentage of 12 per cent in our model to account for superannuation payments under the Superannuation Guarantee Amendment Act 2012 (Act).[34]

Workers compensation

The Workers Compensation component of 0.65 per cent is the industry rate for electricity distribution as per the Workcover Premiums Order No.32 2024/25.[35]

Payroll tax

Payroll tax is a self-assessed, general purpose state and territory tax assessed on wages paid or payable by an employer when the total wage bill of an employer (or group of employers) exceeds a threshold amount, for Victoria, the threshold is $900,000 (annually), and the rate is 4.85 per cent. In addition, JEN is subject to a payroll tax surcharge which results in a further one per cent premium to the payroll tax rate.[36]

Annual leave loading

The 2 per cent annual leave liability represents an uplift in the liability arising from annual pay increments for employees who have accrued annual leave balances over the course of their employment.[37] It is based on our average historical annual leave liability.

Long service leave

Long service leave of 13 weeks is payable once 10 years of service have been reached. This equates to 1.3 weeks per year, which is then equivalent to a 2.5 per cent allowance (1.3 divided by 52 weeks in a year).[38]

Allowances (for field workers only)

Allowances include items allowed for in the Electricity Enterprise Agreement for field workers—for example, meal allowance, first aid allowance, allowance for working during inclement conditions.[39] The percentage allowance is based on the historical data of actual allowances paid against the total wages.

Training and development

Our technical staff are required to undertake safety related trainings each year. The percentage allowance is based on the average training hours per person for year 2024 (completed and booked trainings).[40] There is no separate allowance for training and development for field workers because it is already accounted for in the standard leave calculation.

2.2.3 Overheads

Overheads are costs other than the direct costs of providing a service. To recover the related costs, we apply the proportion of overheads to direct costs (expressed as a percentage) to the standard labour rates. The overheads

---

34 Section 19(2) of the Superannuation Guarantee (Administration) Act 1992.

35 Victorian Government Gazette, Workcover premiums order (No.32) 2024/25, No. S 297, 5 June 2024.

36 State Revenue Office, Payroll tax current rates: Payroll tax rates from 1 July 2024 onward.

37 Annual leave loading is part of Jemena's enterprise agreements with employees. For an example, see section 17.7 of Jemena Asset Management Enterprise Agreement (VIC) 2021 for our latest enterprise agreement.

38 As per Jemena's enterprise agreements with employees. For an example, see section 19.1 of Jemena Asset Management Enterprise Agreement (VIC) 2021 for our latest enterprise agreement.

39 See section 36 of Jemena Asset Management Enterprise Agreement (VIC) 2021 for our latest enterprise agreement.

40 Training and development is part of Jemena's enterprise agreements with employees. For an example, see section 39 of Jemena Asset Management Enterprise Agreement (VIC) 2021 for our latest enterprise agreement.

applied to the raw labour rates do not include any margins. We have two categories of overheads: network overheads and corporate overheads.

Network overheads

Network overhead costs related to the provision of network control and management services that cannot be directly identified with specific network operational activity but are necessarily incurred by us to provide distribution services. In most cases, they are shared in nature. These costs are captured in cost centres and then allocated on a causal basis in proportion to direct costs for each service classification consistent with our approved cost allocation methodology.

Network overheads include, but are not limited to:

- management (functional activities that cannot be linked directly to a specific operational activity)
- quality and standards—technical standards, manuals and network records like geographical information systems (GIS)
- network IT infrastructure and services
- customer management
- occupational health & safety functions and training.

Corporate overheads

Corporate overhead costs refer to the provision of corporate support and management services by the corporate office that cannot be linked directly with specific operational activity. Corporate overhead costs typically include, but are not limited to:

- executive management, including the office of the Chief Executive Officer or Managing Director
- legal and secretariat
- human resources
- finance
- insurance
- relationships with governments, federal and state regulators, rule-makers, and market operators, and
- non-network IT infrastructure and services

Table 6 shows the total overheads we apply to derive the proposed labour rates. They are consistent with the AER's total allowance for overheads of 61 per cent in its previous price determination for Victorian DNSPs and in its most recent price determination for New South Wales electricity distributors.

Table 6: Overhead rates

Labour category	Overhead rates
Network	20.93%
Corporate	40.10%

Other adjustments

Our other adjustments include a vehicle allowance for technical specialists and field workers for quoted service rates.

We propose to apply an 'after hours' labour rate for any customer-requested fieldwork undertaken outside of business hours to recover the additional overtime costs we incur in providing the service after hours. As recommended by Marsden Jacob, we used the benchmark after-hours rate of 1.75 times the business hourly rate for field workers.[41] We consider this approach as reasonable as it is within the range specified in section 19 of the Fair Work Ombudsman's Electrical Power Industry Award 2020 which stipulates a range between 150% and 200%, depending on the timing and duration of the overtime incurred.[42] Also, the superannuation, workers' compensation, and payroll tax components of the on-costs are applied to the raw labour rate but not to the overtime amount.

We do not propose to apply after-hours labour rates for office-based staff who undertake customer-requested fieldwork outside of business hours.

2.3 Labour rate escalation

To calculate the real labour rate adjustment at we apply to each subsequent regulatory year of the next regulatory year following the initial regulatory year, we apply the escalation rate consistent as calculated in attachment 11-04M. The escalation rate is outlined in Table 7.

Table 7: Proposed real labour rate escalation for FY28 to FY31 (per cent)

Labour categories	FY28	FY29	FY30	FY31
Escalation rate (X-Factor)	-0.84%	-1.03%	-1.22%	-1.15%

2.4 Reasonableness of our proposed labour rates

Our proposed labour rates are comparable to the AER-approved labour rates for Essential Energy and Ausgrid in its recent price determinations and follow a similar approach to constructing them as outlined in Table 8 below. Using this comparator we consider our proposed rates to be efficient and meet our customer expectations to address affordability concerns.

Table 8: Benchmarking our proposed labour rates ($2024-25)

Labour category	JEN's proposed labour rates	Essential Energy approved labour rates	Ausgrid approved labour rates[45]
Administrative officer (business hours)	109.58	$119.81	119.81
Engineer (business hours)	245.34	$247.04	249.03
Technical specialist (business hours)	204.90	$191.25-$215.11	191.25
Senior Engineer (business hours)	294.41	$300.12	297.35

41 Marsden Jacob Associates, *Review of ancillary network services: CitiPower, Powercor, United Energy, Jemena and AusNet – Advice to the Australian Energy Regulator*, 30 June 2020, s. 1.3.5.

42 Electrical Power Industry Award 2020, [MA000088].

43 AER, Essential Energy electricity distribution determination 2024 to 2029 (1 July 2024 to 30 June 2029), Attachment 16 Alternative control services, April 2024, p.32.

44 AER, Essential Energy electricity distribution determination 2024 to 2029 (1 July 2024 to 30 June 2029), Attachment 16 Alternative control services, April 2024, p.32.

45 AER, Final decision, Ausgrid electricity distribution determination 2024 to 2029 (1 July 2024 to 30 June 2029), Attachment 16 Alternative control services, April 2024, p.21.

Labour category	JEN's proposed labour rates	Essential Energy approved labour rates	Ausgrid approved labour rates[45]
Field worker (business hours)	192.11	195.93	196.98
Field worker (after hours)	336.20	$268.09	$343.72

Source: Attachment 11-03M ACS Labour Rate Model.

3. Connection services

Similar to the current regulatory period, the F&A for the next regulatory period[46] adopted the categories and terminology of connection services specified in chapter 5A of the NER, which are:

- Basic connections—a simple connection of a customer's premises to the network for which the AER has approved a model standing offer. It does not involve the extension or augmentation of our shared network
- Standard connections—a connection to the network that is not a basic connection service, for which the AER has approved a model standing offer. It may involve the extension or augmentation of our shared network
- Negotiated connections—connections that meet the specific requirements of a connection applicant and the electricity distributor for which the terms and conditions are negotiated. It may involve extension and/or augmentation of our shared network.

In the F&A for the next regulatory period, a basic connection service is classified as an alternative control service, whereas standard and negotiated connection services are classified as standard control services.

Currently, we provide two types of connections in accordance with Chapter 5A of the NER. They are basic connections and negotiated connections.[47] In our Connection Policy, we explain how connection charges for negotiated connections are determined.[48]

In the sections below, we explain how our proposed basic connection charges are developed.

3.1 Basic connection services up to 100 amps per phase

Basic connection services are provided routinely to residential and small business customers, and for which the AER has approved a model standing offer.[49] The provision of these services involves minimal or no augmentation to or extension of the distribution network. Such services may or may not include micro-embedded generators.

A basic connection may be a single or three-phase connection that is either:

- A standard overhead-service connection that complies with the technical standards set out in the Victorian Service & Installation Rules and is a single-span electricity connection from an existing distribution pole, where the length of the cable and property crossing is not excessive
- An underground connection from a service pit that has already been installed by a customer at the boundary of the customer's property.

The scope and costs of delivering basic connection services do not vary significantly between customer requests, and the cost of providing the service is directly attributed to a specific customer. Therefore, for the next regulatory period, we propose to classify basic connection services as fee-based alternative control services.

3.2 How we develop basic connection prices

We can identify various costs associated with the provision of basic connection services and attribute these to the individual customers who receive them. These are:

- Labour and vehicle costs

[46] AER, *Framework and approach AusNet Services, CitiPower, Jemena, Powercor and United Energy, 2026-31*, July 2024, p. 35.

[47] We may at a later date offer standard connection service for a particular class of connection service (that is currently offered as negotiated services) for which a model standing offer has been approved by the AER.

[48] See Attachment 05-09.

[49] A model standing offer is a document approved by the AER as a model standing offer for the provision of basic connection services in in accordance with NER, Chapter 5A, Part B, Division 1.

- Material costs
- Administrative costs Overheads
- Tax.

We apply the standard labour rate, which includes the raw labour rate plus on-cost (but not the overheads) to calculate the direct administrative and field labour costs. We then add the relevant material, vehicle and contractor costs to determine the total direct cost of a service. The overheads are then applied to the total direct costs. For services of a capital nature, we then add the tax liability that we incur consistent with our capitalisation procedures.

The task-related costs to complete a basic connection service are detailed in the cost build-up model in Attachment 11-04M.

3.2.1 Field labour costs

The field labour and vehicle costs for the provision of basic connections (overhead and underground) are based on two field workers using a vehicle to install a connection plus travel time. To derive the labour costs, we have used the fieldworker labour rate discussed in section 2 of this attachment.

In calculating prices for our fee-based model, we propose an unchanged total of 65 minutes for field workers in our fee-based pricing model for the next regulatory period.

3.2.2 Administrative costs

To derive the back-office costs, we used the administrative labour rate discussed in section 2 of this attachment.

We undertook a detailed analysis of the various tasks performed by administrative staff in delivering basic connection services. We found the administrative task times to be the same for a single-phase or three-phase connection. We propose an average of 60 minutes for one admin person to complete an end-to-end basic connection service request, which is the same as that allowed for by the AER in the final price determination for the current regulatory period.[50] Attachment 10- 04 M sets out the various end-to-end administrative tasks and the average time each task takes to complete a new connection request.

Below, we explain the administrative effort involved in providing basic connection services to support our proposed 60 minutes to complete an end-to-end basic connection service request.

Management of phone calls and inquiries

A significant amount of time is spent managing phone calls and enquiries and responding to emails. Requests for new and temporary basic connections generally require greater attention due to the technical nature of the service and necessary checks to ensure the connection site is ready to receive the connection. This may involve numerous interactions with the customer and their representatives. Our administrative staff frequently respond to phone calls and enquiries from registered electrical contractors (**REC**)—on technical standards, metering requirements, B2B service orders and paperwork[51] that has not been received from the retailer. These types of enquiries take a considerable amount of time to resolve and must be responded to in order to meet our connection-timeframe obligations.[52]

Our staff in the back office also spend time responding to enquiries from our field workers on a range of matters, including inaccurate information on a retailer's service order, site access issues, etc. These calls regularly involve a long waiting period. Our office staff attempt to resolve many of these issues by phoning retailers, RECs and our

[50] AER, *Final Decision - Jemena distribution 2021-26-ACS-Fee-based Services Model- April 2021 -CONFIDENTIAL model.*

[51] Certificate of electric safety, Electrical work requests, micro embedded generation connection applications.

[52] ESC, Electricity Distribution Code of Practice (May 2023), clause 3.2 and Schedule 5 clause 3 requires connections to be made within 10 business days of the request.

service provider so that we can avoid returning to the work site, which could mean a higher cost to the connection applicant.

Administration of email correspondence

Administrative staff also receive emails relating to new connections on a range of issues that are similar to those covered above. Email correspondence generally relates to managing service orders—including explanations, mismatches in paperwork relating to certificates of electrical safety (**CES**), electrical work requests (**EWR**) and solar connection applications—and reissuing service orders to enable us to complete the original connection request.

Management of system exceptions, errors, and publishing new connection details in the NEM

The administrative staff also manage system exceptions and errors and publishes new connection details in the National Electricity Market (**NEM**) systems. For example, after a new connection is made, the customer details are automatically sent to the NEM within a set period—a requirement under Market Settlement and Transfer Solutions procedures. Exceptions in data occur from time to time and when the requisite data is not sent to the NEM within the required timeframe, our IT system sends out alerts that there is a process issue which may be due to incomplete data or incorrect meter status. These system alerts require investigation, corrective actions and closeouts.

3.2.3 Material costs

We propose an allowance for the material costs of overhead and underground connection for single-phase and three-phase connection services, which are necessary to install the services.[53] The cost of electrical meters is not included in our proposed materials cost as it is recovered under the advanced metering infrastructure (**AMI**) charges.[54]

3.2.4 Vehicle costs

Consistent with our CAM, vehicle operating costs are directly attributable to individual projects. The standard fleet operating cost rate—calculated based on total fleet costs divided by total productive hours—is used for fee-based alternative control services where field workers require a vehicle to deliver the service.

To recover the vehicle costs related to basic connection services, we determined a vehicle unit cost by averaging the cost of operating and maintaining a small elevated work platform (**EWP**) vehicle used to manage overhead supply connections and a van fitted with equipment for making an underground connection and apply the average unit cost in our fee-based pricing model.

For the proposed costs in the next regulatory period, we have escalated the rates from the current regulatory period.

3.2.5 Overheads

In accordance with our CAM, we have applied the overheads shown in section 3 to all the direct costs of fee-based services.

3.2.6 Tax liability related to alternative control services

Basic connections, including new connections, replacements and upgrades of existing basic connections, are classified as ACS. From a regulatory point of view, on first appearance, it does not give rise to the need for a tax allowance because there will not be a Regulatory Asset Base (**RAB**) to which the assets created by a connection

[53] Attachment 11-04M.

[54] Attachment 10-01.

can be added. However, given the nature of connection assets, JEN capitalises these costs for tax and accounting purposes and will incur a tax liability for the service on the revenue less depreciation over time.

Clause 7A(2)(a) of the **NEL** requires that a regulated DNSP should be provided with a reasonable opportunity to recover at least the efficient costs the operator incurs in providing direct control network services. As we cannot avoid incurring the tax liability—and we believe the tax liability to be an efficient cost—we have included an allowance in the fee-based connection and connection management alternative control services cost build-up model to allow for the recovery of the associated tax liability.

We refer to an Australian Tax Office (**ATO**) Interpretative Decision (ATO ID 2011/42)[55] made on 12 May 2011 which outlines that tax must be applied to capital works, and therefore, applies in circumstances outlined above.

> ***Issue:*** *Is expenditure incurred by a taxpayer on salary or wages an allowable deduction under section 8-1 of the Income Tax Assessment Act 1997 (ITAA 1997), to the extent that the relevant employees perform work on projects to construct and upgrade depreciating assets of the taxpayer?*
>
> ***Decision:*** *No. Expenditure incurred by a taxpayer on salary or wages is not an allowable deduction under section 8-1 of the ITAA 1997, to the extent that the relevant employees perform work on projects to construct and upgrade depreciating assets of the taxpayer as it is capital or capital in nature.*

The connection services to which we propose to apply the tax liability are:

- new basic connection
- temporary basic connection
- replacement of basic connection
- upgrade of basic connection.

We propose to capitalise the total cost of these services consistent with:

- JEN's guidance on capitalisation of fixed assets[56]
- JEN's taxation procedures[57]
- Previous AER final decisions on tax liabilities on connection services classified as alternative control services, where recovery of the tax costs was accepted.[58]

The calculation of tax recovery cost of fee-based alternative control services is detailed in Attachment 10-04M.

[55] https://www.ato.gov.au/law/view/document?docid=AID/AID201142/00001.

[56] Jemena, G*uidance—Property, plant and equipment—JAA FIN GU0012*, Revision Number 1, 29 Aug 2022; and *Customer contribution JAA FIN GU 0021*, Revision Number 1, 29 Aug 2022.

[57] Jemena, *Tax Fixed Asset Procedures JAA FIN PR 0001,* Revision Number 4, 1 April 2024, p.4.

[58] AER, *Final decision, Jemena distribution determination – Attachment 16 – Alternative control services,* April 2021, section 3.2.6.

4. Connection application and management services

Connection management services involve works initiated by a customer or a customer's retailer that are specific to the connection point. These services include, but are not limited to:

- temporary connections
- field-based energisation and de-energisation
- relocation of overhead network assets
- replacement of overhead service line due to the relocation of the point of attachment
- upgrade of connection services from single-phase to three-phase
- non-basic supply abolishment or repositioning non-basic connection
- upgrade from overhead to underground service.

Consistent with the F&A, we propose 'connection application and management services' be classified as alternative control services. For more information on our list of connection application and management services, see our proposed classification services in Attachment 04-01.

The scope and costs of providing some of these services do not vary significantly between customer requests as they are predictable and generally uniform. Therefore, for the next regulatory period, we propose setting standard fees for the following services:

- temporary connection up to 100 amps
- field-based de-energisation and re-energisation
- temporary disconnection and subsequent reconnection
- replacement of overhead service line up to 100 amps per phase
- upgrade of basic connection services from single-phase to three-phase up to 100 amps.

Our proposed fees and the price escalations for the first year of the regulatory period are set out in Table 9 and Table 10 respectively.

For all other services in the connection application and management services grouping, we propose a quote service applies. That is because the scope of the service can vary significantly between customer requests and prices can only be determined when the scope of the work is known.

Below we provide an overview of fee-based connection management services that we provide.

4.1 Temporary connection up to 100 amps per phase

A temporary basic connection service (single or three-phase) is provided where supply is requested for a known but limited period of up to 12 months and removed at a later date. Temporary connections may be provided for such purposes as:

- mobile services, such as health services and X-ray vans
- events such as carnivals, fetes and festivals

- construction of buildings and public transport infrastructure (e.g. rail lines, roads, tunnels, etc)
- builders temporary supplies.

The cost and effort involved in providing a temporary basic connection service are the same as that of a new permanent basic connection service, except that the connection is abolished at a later date when the supply is no longer required. Accordingly, our fee for this service is the same as for the new permanent basic-connection service, as discussed in section 3.1.

Note:

Where a connection applicant requests a temporary non-basic connection—that is, a connection that does not meet the criteria of basic connection service for the construction of large buildings or public transport infrastructure (e.g. rail lines, roads and tunnels)—we consider a quoted alternative control services classification is more appropriate because the scope and cost of providing these services vary significantly depending on the circumstances. Accordingly, we propose to deliver quoted prices for non-basic temporary connection services.

4.2 Replacement of basic overhead connection

Replacement of an overhead service line generally occurs when a customer requests a change in the point of attachment of the overhead service line supplying their property. The cost and effort involved in replacing an overhead service line up to 100 amps per phase are assumed to be the same as for new basic connection services. Accordingly, our fee for this service is the same fee as for new basic connection services, as discussed in section 3.1.

4.3 Field based energisation and de-energisation

Field-based energisation services are provided to customers moving into new or existing premises that have previously been de-energised by means other than a remote disconnection—for example, a service fuse removed.

Field-based de-energisation services are provided when customers or a customer's retailers request that the power to a premise be turned off and the fuse removed. De-energisation requests from retailers mainly relate to customers moving out of a premise or disconnection for non-payment of an electricity bill.

Field-based energisation and de-energisation services are also provided where the metering installations do not have remote service capabilities or are unmetered.

Approach to determining prices

We can identify costs associated with the provision of field-based energisation and de-energisation services. They are:

- field worker costs
- administrative costs
- overheads.

The unit price for de-energisation is higher than for energisation due to a more extended discussion with the customer on-site, especially when it is a disconnection for non-payment.

The administrative functions for de-energisation are similar to those for re-energisation except for the additional checks of the business systems to ensure the customer is not a life support customer and the reconciliation of

coincidental de-energisation and re-energisation requests we received from different retailers following a customer moving out and another moving in at the same site.

4.4 Temporary disconnection and subsequent reconnection

Temporary disconnection and subsequent reconnection services are generally provided to customers who request physical disconnection and reconnection of premises at the distribution network—for example, disconnection at the top of a pole, above a shop veranda, or in a service pit. The service requires a two-person crew in an EWP vehicle to perform the work.

Approach to determining prices

We can identify costs associated with the provision of both these services. They are:

- labour and plant costs
- administrative costs
- overheads.

We have detailed the tasks and time taken for each task in the cost build-up model in Attachment 11—03M.

4.5 Upgrade of basic connection from single-phase to three-phase

The administrative staff and field worker effort and cost involved in upgrading a basic connection from single-phase to three-phase up to 100 amps per phase is assumed to be the same as for a new three-phase basic connection, even though there is additional work in removing the existing single-phase service. Accordingly, our fee for this service is the same as for the new three-phase basic connection service, as discussed in section 3.1 of this attachment.

5. Enhanced connection services

In the F&A, enhanced connection services are classified as ACS and defined as services provided at the request of a customer or third party that are:

- provided with different levels of reliability of service or quality of service (where permissible) than required by the NER or any other applicable regulatory instruments. This includes reserve feeder installation and maintenance
- in excess of levels of service or plant ratings required to be provided by the DNSP management of export and load at a customer site that provides the customer
- greater network capacity than they would otherwise be eligible for.[59]

Accordingly, for the next regulatory period, we propose that the construction and maintenance of assets for enhanced connection services be classified as quoted ACS because the scope and costs of delivering network ancillary services vary significantly between customer requests, and prices can only be determined when the scope of the work is known.

Further, we propose the maintenance services of the enhanced connection assets are classified as fee-based ACS because we can identify the average costs in advance on a $/kW basis.

5.1 Enhanced connection operation and maintenance charge

To recover the efficient cost of providing operation and maintenance (**O&M**) services for enhanced connections, we propose to apply a fee on a $/kW basis to the capacity the customer signed up for. The calculation of the charge for the maintenance of enhanced capacity services is based on a top-down calculation approach.

5.2 Calculation of reserve feeder maintenance fee ($/kW)

For the next regulatory period, we propose escalating prices from the current regulatory period.

Our proposed unit rate ($/kW) and real price changes for escalation of costs are set out in section A1.

5.3 Changes to enhanced connection services

We proposed to the AER minor changes to enhanced connection services to include the 'management of export and load at a customer site that provides the customer greater network capacity than they would otherwise be eligible'. The AER has accepted our proposal and classified this additional service as ACS.[60]

We propose to classify this service as a quoted service because the quantities of labour required will depend on the customer's unique requirements.

[59] AER, *Framework and Approach, AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026–31*, July 2024, p. 36.

[60] AER, *Framework and Approach, AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026–31*, July 2024, s. 2.3.1.

6. Network ancillary services

In the F&A, the AER grouped several customer or third-party initiated services related to common distribution services under the service group 'network ancillary services' and classified all the services within the group as alternative control services. Examples of network ancillary services include:

- access permits, oversight and facilitation
- retailer and customer requested planned supply interruption
- inspection and auditing service
- provision of training to third parties for network-related access
- authorisation and approval of third-party service provider's design, work and materials
- network safety services
- customer requested the provision of electricity network data, specification and design enquiry or consumption data outside of legislative obligations
- third party requested network alterations or other improvements
- security lights.

Consistent with the F&A, we propose 'network ancillary services' be classified as alternative control services. For more information on our list of network ancillary services, see our proposed classification services in Attachment 04-01.

The scope and costs of providing two services in the 'network ancillary services' group—namely, provision of electricity consumption data and security lighting service—do not vary significantly between customer requests as they are predictable and generally uniform. Therefore, for the next regulatory period, we propose fixed fees for both these services.

Further, we propose to classify the remaining network ancillary services as quoted alternative control services because the scope and costs of delivering ancillary network services vary significantly between customer requests and prices can only be determined when the scope of the work is known.

Below we provide details on how we determine fees for the provision of electricity consumption data and security lighting services.

6.1 Customer access to electricity consumption data

A residential or small business customer may request electricity interval metering data for price comparison purposes. We may impose a charge for the provision of interval metering data, but only if:

- the request is not the first request made by the small customer within the preceding year
- the interval data relates to a period before the preceding two years.[61]

Approach to determining prices

We do not propose to charge a fee for this service.

[61] Advanced Metering Infrastructure (AMI Tariffs) Order, Gazette No S216 Wednesday 19 June 2013.

6.2 Provision of non-basic electricity network data

We manage a wide variety and significant volume of data requests on an individual, ad-hoc basis. Data requests range in size and complexity and sometimes require dedicated staff to manage. The AER has accepted our proposal to classify the provision of non-basic network data services as ACS.

Under the F&A,[62] provision of non-electricity network data is described as:

Data requests by customers or third parties for network data beyond the scope of Standard Control Service provision, including:

- *data requests by customers or third parties including requests for the provision of electricity distribution network data or consumption data outside of legislative obligations*
- *customer or third-party requests for assistance to understand or interpret data, or to identify the data they require to meet their needs.*

Given that we do not know in advance the nature of the request for non-basic electricity network data or how long it will take us to provide the requested data, we propose that quoted fees apply to the provision of this ACS.

6.3 Security lights

Our security lighting service comprises operating and maintaining security lights (also referred to as watchman lights) mounted on distribution power poles. Historically, we provided four types of lights, including high-pressure sodium and mercury vapour lights with wattages of 250 or 400 Watts. This service is provided only where there is an existing electricity power pole to mount the lights. Alternatively, customers can choose to install their own security light within their premises and wire the light to their electrical switchboard at the premises.

We do not provide *new* security lighting services to business customers anymore, as they have the option of installing their own security lighting on their premises. However, we provide the operation and maintenance services of existing security lights. For the next regulatory control period, JEN proposes to continue providing operation and maintenance (**O&M**) services for existing security lights.

The O&M costs we incur for providing security lights are mostly homogeneous and are directly attributed to those customers receiving the service. The O&M service includes the replacement of failed lamps and PE cells and repairs to faulty wiring. However, when a security light becomes unserviceable—that is the entire light fixture (lantern) is beyond repair—we propose to offer the customer a quoted price for the replacement of the unserviceable entire security light. That way, the customer has a choice of accepting our offer to replace the entire security light or install their own security light within their premises.

Approach to determining prices

To determine an annual O&M charge for security lights, we have carried forward the pricing from the current regulatory period and adjusted it for the time value of the money.

Our cost build-up of operation and maintenance service is set out in Attachment 11-04.

[62] AER, *Framework and approach: AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026-31*, July 2024, pp. 6-7.

7. Auxiliary metering services

In addition to regulated meter data and meter provision services for AMI smart meters (refer to Attachment 10-01), we provide auxiliary metering services to customers on request.

We can identify and allocate the costs of providing these services to customers who request them. Further, the cost of providing each type of auxiliary metering service is homogeneous. Accordingly, we propose to continue classifying auxiliary metering services in the current regulatory period (where the distributor remains responsible) as fee-based alternative control services.

Auxiliary metering services we provide include:

- field-based special meter read (i.e. off-cycle additional meter read)
- meter tests of smart meters (including instrument transformers)
- alteration of an existing metering installation
- remote special meter read (i.e. off-cycle additional meter read)
- remote meter reconfiguration
- remote de-energisation and re-energisation
- operation of type 7 metering
- metering exit service
- non-contestable unmetered metering service.

Below we provide a description of the services and our approach to determining the fees for each of the services.

7.1 Field-based metering services

7.1.1 Special field-based meter read

Special meter reads are required to finalise a customer's bill when they transfer between retailers outside the regular meter reading schedule or move out of their premises. A special read may also be required to verify the meter reading due to a customer complaint that their energy bill is high. In the latter case, the charge only applies if the original reading is found to be correct.

The average time our administrative staff takes to process service orders, contractor costs, and overheads is shown in the cost build-up model in Attachment 11-04M.

7.1.2 Meter tests of type 5, 6 and smart meters

A customer—or a retailer on behalf of a customer—may request an inspection or investigation, including a meter test, to verify that the meter accurately measures the amount of energy consumed. This generally occurs after a customer complains about their electricity bill. In the case of a meter being proven to be faulty, we will waive the charge.

We propose to offer meter test services for type 5 and 6 and AMI smart metering installations—including meters with instrument current transformers (CT)—where we are responsible for providing metering services. We have

proposed a single price for testing type 5, 6, and AMI smart single—and three-phase metering, as our current underlying costs of testing the various meters are the same.

7.1.3 Alteration to existing metering installations

The cost and effort involved in altering an existing metering installation (e.g. relocation of the meter or changing the type of meter) is the same as the replacement of an overhead service line due to relocation of the point of attachment of the connection to the premises, as discussed in section 4.2, except there is no material cost, as the meter's cost is recovered via the AMI metering charge.

7.1.4 Approach to determining prices for field-based metering services

This service incurs the cost of processing the service order from retailers by our administrative staff and fieldwork.

Our proposed prices for field-based metering services include various costs that can be categorised into the following key components:

- field staff costs
- administrative costs
- overheads.

The average time taken by our administrative staff to process service orders, contractor costs, and the overheads applied to the direct costs are shown in the cost build-up model in Attachment 11-04M.

7.2 AMI remote services

We provide AMI remote services through our smart meters, which include:

- remote special meter read
- remote meter de-energisation
- remote meter re-energisation
- remote meter reconfiguration (alteration).

Remote re-energisation services are provided to retailers on behalf of customers moving into new or existing premises that have previously been de-energised. For example, sites have been de-energised for non-payment of electricity bills, or residents have moved out.

Remote de-energisation services are provided when customers or retailers request that the power to a premise be turned off. De-energisation requests from retailers mainly relate to customers moving out of a premise or disconnection for non-payment of an electricity bill.

A remote special meter read is a fully automated process in our computer system and rarely requires manual intervention. This service is seldom requested because retailers receive daily meter reads and 99% of these are actual meter reads. Despite this, we still offer the service.

In the next regulatory period, we propose to continue with our current practice of not charging for remote special meter reads.

Remote meter energisation and de-energisation processes are also fully automated in our computer system and rarely require manual intervention. Our administrative staff spend, on average, three minutes per service order (SO) on market system interfaces related to co-incidental de-energisation and re-energisation service orders, service orders related to life support customers, and management on system exceptions. Similar to remote special meter read, we propose not charging for remote meter energisation and re-energisation services during the next regulatory period.

The remote meter reconfiguration service is provided to a retailer or a customer. Meter configuration services include, but are not limited to:

- reconfiguration of the time-of-use periods or maximum demand settings in a meter to align it with a tariff change
- reconfiguration following the installation of solar to measure the importing and exporting of energy
- reconfiguration of load control turn-on/turn-off times.

Approach to determining prices of AMI remote reconfiguration (alteration) service

Unlike the other three remote services discussed above, a remote re-configuration service request requires our administrative staff to perform certain functions:

- check and validate B2B SO
- accept B2B SO or reject B2B SO if required paperwork is incomplete
- execute remote configuration in SAP
- manage exceptions, phone calls and inquiries.

Our proposed charge for remote reconfiguration service applies to residential and small business customers who have AMI meters. The charge includes the recovery of direct costs and overheads incurred in the back office.

The cost build-up model in Attachment 11-04M shows the average time our administrative staff takes to process service orders.

7.3 Type 7 metering service

Type 7 metering installation is a notional metering installation at an unmetered connection point—that is, a connection point where the device is connected to the network and uses electricity but does not have a meter. Streetlights and traffic lights are examples of type 7 metering installations.

The type 7 metering service involves the administration and management of IT systems that estimate the unmetered usage using standard data and calculations in accordance with AEMO's metrology procedure for settlement in the NEM.

Approach to determining prices

To determine a type 7 metering service charge, we have carried forward the pricing from the current regulatory period and adjusted for the time value of money.

We have included this as a unit cost per light in our fee-based pricing model in Attachment 11-04M.

7.4 Metering exit services

Metering exit services allow us to recover the written down value (**WDV**) of a smart meter and the efficient costs of AMI meter removal and disposal. This currently occurs when brownfield sites—for example, apartment blocks or shopping centres—become embedded networks, resulting in the removal of the existing meters.

In the F&A for the next regulatory period, the AER classified this service as an alternative control service and grouped it under auxiliary metering services.[63]

7.4.1 How we derive our proposed metering exit fees

To derive our proposed metering exit fees using the AER's standard metering charges model. The model recovers:

- the written down value of that meter and proportion of supporting communication & IT systems as part of the exit fee
- reasonable and efficient costs of removing the meter.
- relay and access point costs required to augment the network to account for missing meters
- other costs associated with the removal of the metering installation are discussed in section 7.4.2.

7.4.2 Other costs associated with the removal of the metering installation

JEN incurs administrative costs of meter removals and subsequent disposal costs. Administrative and meter disposal costs on a per-meter basis include:

- B2B validation – chasing up paperwork pertaining to the removal of a meter
- SAP ERP internal Service Order creation and close-out
- Write off the meter in the system
- Meter disposal.

JEN's proposed exit fees for each of its relevant meter categories are set out in Table 11 for each year of the next regulatory period.

[63] AER, *Framework and approach AusNet Services, CitiPower, Jemena, Powercor and United Energy, 2026-31*, July 2024, p. 32.

8. Public lighting services

Public lighting services are grouped in the F&A as:

- operation, maintenance, repair and replacement (**OMR**) public lighting services
- alteration and relocation of public lighting assets
- new public lighting services, including greenfield sites & new light types and
- provision, construction and maintenance of emerging public lighting technology.

We propose to classify public lighting services as alternative control services and apply a price cap control mechanism consistent with the final F&A.[64] Further, we propose classifying OMR public lighting services as fee-based alternative control services and the remainder of public lighting services as quoted alternative control services because the scope and costs of delivering services vary significantly between customer requests.

We provide more information on how we determine OMR charges for public lighting on these services in Attachment 11-02 and the related pricing model in Attachment 11-05M.

[64] AER, *Framework and Approach, AusNet Services, CitiPower, Jemena, Powercor and United Energy 2026–31*, July 2024, p. 36.

Appendix A
Schedule of prices

Jemena
bringing energy to life

A1. Schedule of prices for alternative control services for the next regulatory period

Table 9: Proposed indicative charges for alternative control services FY27 ($ June 2026, dollars)

Proposed fee-based services	Business Hours (B/H)	After Hours (A/H)
Connection services[65]		
New basic connection, single-phase	872.33	1,230.25
New basic connection, three-phase	1,195.35	1,553.27
Connection management services		
Temporary single-phase connection	872.33	1,230.25
Temporary three-phase connection	1,195.35	1,553.27
Field-based energisation	159.82	227.39
Field-based de-energisation	175.24	175.24
Temporary disconnection	496.31	793.60
Reconnection (after temporary disconnection)	575.34	926.68
Upgrade of basic connection (1 to 3-phase)	1,195.35	1,553.27
Replacement of overhead basic connection, single-phase	908.26	1,266.18
Replacement of overhead basic connection, three-phase	970.88	1,328.80
Reserve feeder maintenance ($/kW)	16.17	16.17
Wasted site attendance		
Waste attendance – site visit	637.00	988.34
Ancillary network services		
Customer access to electricity consumption data	No charge	No charge
Security lighting (operation and maintenance)	173.00	173.00
Auxiliary metering services		
Remote special meter read	No charge	No charge
Remote energisation	No charge	No charge
Remote de-energisation	No charge	No charge
Remote meter re-configuration	65.77	65.77
Meter alteration (or relocation)	637.00	988.34
Field-based special meter reads	199.83	199.83
Meter test of types 5, 6 and AMI & smart metering installations	1,336.08	2,146.87
Type 7 metering ($/light)	No charge	No charge

Source: Attachment 11-04M ACS Fee Based Services Model.

[65] The proposed new basic connection fees are the same regardless of whether we or a third-party meter provider are responsible for metering.

Table 10: Proposed real price change for fee based alternative control services (per cent)

Labour categories	FY28	FY29	FY30	FY31
Escalation rate (X-Factor)	-0.84%	-1.03%	-1.22%	-1.15%

Source: Attachment 11-04M ACS Fee Based Services Model.

Table 11: Proposed indicative meter exit fees per meter ($ June 2026, dollars)

Meter category	FY27	FY28	FY29	FY30	FY31
Single-phase	205.43	216.21	237.72	260.44	286.58
Single-phase, two-element	221.59	233.40	257.42	283.44	313.32
Three-phase (direct connect)	276.25	291.57	324.07	361.31	403.81
Three-phase (current transformer (CT) connect)	326.70	345.25	385.59	433.18	487.33

Source: Attachment 07-29 ACS Metering Exit Fee Model.

Table 12: Proposed indicative labour rates for quoted services ($ June 2026, dollars)

Labour category	Business hours	After hours
Administrative employee	121.40	121.40
Field worker	210.89	370.53
Technical specialist	225.06	225.06
Engineer	271.83	271.83
Senior engineer	326.19	326.19

Source: Attachment 11-04M.

Table 13: Proposed real labour rate escalation for quoted services for FY28 to FY31 (per cent)

Labour categories	FY28	FY29	FY30	FY31
Escalation rate (X-Factor)	-0.84%	-1.03%	-1.22%	-1.15%

Source: Attachment 11-04M ACS Fee Based Services Model.