

Jemena Electricity Networks

JEN 2026-31 PROPOSAL - SUMMARY

Jemena
bringing energy to life

31 January 2025

Acknowledgement of Country

We acknowledge the many Traditional Owners across this Great Southern Land on which our Group employees and contractors live, work, volunteer, and play.

We pay our respect to the oldest continuing cultures on this planet by way of acknowledging Elders past and present.

We recognise that the First Peoples have lived, travelled on and cared for this Country for thousands of years. Without hesitation, we acknowledge First Peoples connections to the lands and waters of this Country including those relationships with all that is on, above, in, and under the waterways, seascapes, and landscapes.

With an open heart and mind, we are committed to listening and learning from the experiences, traditions, stories, customs, and practices of Australia's First Nations Peoples as we bring our projects to life in many communities where we work. We remain committed to working with First Peoples in co-creating shared futures, and building energy infrastructure, maintenance, and services for new and existing communities.

We honour and pay tribute to the legacy gifts of knowledge, experience and wisdom born from thousands of First Nations generations associated with the lands and waters.

We will work collaboratively with First Nations employees, Elders and Communities to preserve and grow the legacies of the past for the generations to come.



"Wurru Wurru Biik Djirringu – Sky Country of Lightning" by Simone Thomson

Message from the Board



Every day, we deliver electricity to over 380,000 homes and businesses across north-west Melbourne. We build and operate the infrastructure that transports electricity through over 950 square kilometres, providing energy to support households, businesses and critical infrastructure, such as Melbourne Airport.

The cost of living has increased, and we know our customers' needs and aspirations are rapidly changing. Our customers have told us affordability is a top priority for them, along with maintaining the reliability of the electricity network and increasing resilience to withstand and recover from extreme weather events.

The Board and I are proud of the extensive, comprehensive and meaningful engagement with our customers over the past couple of years. This thorough and broad-based engagement has ensured that we captured the most representative views of our customers as we plan for the upcoming 2026-31 regulatory period. Our plans have been shaped by the preferences, ideas, and recommendations of our residential, commercial, and industrial customers, as well as energy retailers and local councils. Our strategic approach, decision-making and work practices also consider the interests of the communities we serve.

The Board and I will continue to work to deliver affordable, and sustainable electricity network services that provide continued safety and reliability for our customers.

On behalf of the Board, and after taking on our customers' feedback, we are proud to release our Regulatory Proposal for 2026-31.

Jiang Longhua
Chair of the Board
SGSPAA (parent company of Jemena)

Message from the Managing Director



Customers are at the heart of our business. Listening to and understanding our customers' needs has been critical to shaping this Regulatory Proposal.

Over the past two years, Jemena has prioritised understanding how we can provide more affordable services to address our customers' most pressing concern: the rising cost of living. We are working to address this without compromising network safety and reliability.

The extensive engagement and feedback we have received from a diverse range of customers has enhanced our view of the role we play as we transition to a more sustainable energy future. Feedback from our customers has also enriched us as a business, and shaped the initiatives outlined in this Regulatory Proposal.

In response to customer feedback, we have created a strategy centred on affordability, reliability, resilience, energy transformation and education. Our five-year Regulatory Proposal outlines:

- efficient, sustainable solutions required to run a safe and reliable network
- new initiatives to enhance the digital experience and increase the accessibility of our communications with customers
- a commitment to developing a network resilience strategy
- deployment of technologies that enable better management through innovation, providing customers and future generations with service levels that meet their needs.

Despite increased costs and the complexity of managing our electricity network, we are proud to deliver network price reductions to our customers, consistent with our goals in previous regulatory periods. At the same time, our Proposal also outlines a range of benefits aligned to the priorities of the communities we serve such as: addressing concerns around affordability, devising new tariff structures that encourage better network utilisation, our commitment to educating our customers, maintaining current reliability levels and improving price equity between solar and non-solar customers, to name a few.

Finally, I want to thank our customers, stakeholders and community members whose contributions have shaped our plan for 2026-31.

David Gillespie
Managing Director

Summary

Highlights

- In developing our 2026-31 Proposal, we have undertaken an extensive customer and stakeholder engagement program—we purposefully and ambitiously sought to understand the views of our richly diverse customers, including those customers whose voices, without specialist engagement, would not typically be heard.
- We collaborated with our customers to explore how we should prepare for a sustainable energy future while meeting customer and community needs today. The priorities and recommendations of our customers gathered over the course of our 20-month engagement program have been instrumental in shaping our plans.
- The energy transition is fundamentally changing the structure and function of the electricity system and is rapidly transforming the way that we need to plan, manage and operate our network. Our 2026-31 Proposal includes a number of initiatives that will enable us to pre-empt the transformation, mitigate against the potential negative impacts of disruption, and embrace the opportunities that it presents on behalf of our customers.
- Key drivers of our expenditure over the next regulatory period include connecting new customers and catering to growth, maintaining network reliability and improving resilience, accommodating the forecast entry of customer energy resources (such as rooftop solar, electric vehicles and storage batteries) through digitisation and automation and providing ongoing service excellence to our customers.
- To deliver our plans, we forecast that we will need $1,846 million in revenue over the next regulatory period, a 15% increase from our revenue requirement for the current regulatory period.[1]
- Our plan includes a 12% reduction in distribution charges in 2026-27 and a further 5.6% price decrease each year from 2027-28 until the end of the next regulatory period. This price reduction is enabled by an increase in load across our network, driven by data centres and major connections, and increased utilisation by existing customers as they move from using gas to electricity to heat their homes and cook their meals.
- We are proposing changes to our residential tariff structures to reflect our customers' preferences for improving fairness, equity, and cost-reflectivity.

Jemena Electricity Networks (Vic) Ltd (JEN) is an electricity distribution network service provider (DNSP). Every day we help deliver electricity to over 387,000 homes and businesses across north and western Melbourne.

We are subject to economic regulation administered by the Australian Energy Regulator (AER) under the National Electricity Rules (NER).

Our network prices are approved every five years by the AER. Before each new cycle, we submit a proposal to the AER that outlines our plans for the five-year period and how we expect to fund them.

All dollar values in this document are expressed in $2026 unless stated otherwise.

1 The revenue requirement for the current regulatory period includes JEN's reopener application, which we provide more details in Attachment 08-01.

Our 2026-31 Proposal reflects our customers' priorities and how we are responding to a rapidly changing energy market

Our 2026-31 Proposal has been shaped by our customers' expectations and regulatory obligations regarding the safety, reliability, and security of the network as the energy market transitions.

In planning for the next regulatory period we have had to consider and address challenges associated with climate change, policy changes, and the rapid development of technology, all of which have accelerated the rapid transformation of the Australian energy market. We also need to cater for significant growth across our network.

Current cost of living pressures are a concern for all the customers that we engaged with—maintaining affordability alongside reliability was considered essential for equitable energy access.

Our network must respond and adapt to these challenges and this new environment for the long-term interests of our customers. Our 2026-31 Proposal seeks to ensure that we play our role in supporting the transformation of the energy system, whilst meeting the needs of our customers and our community.

Below we set out the key drivers that have shaped our 2026-31 Proposal for the next regulatory period.

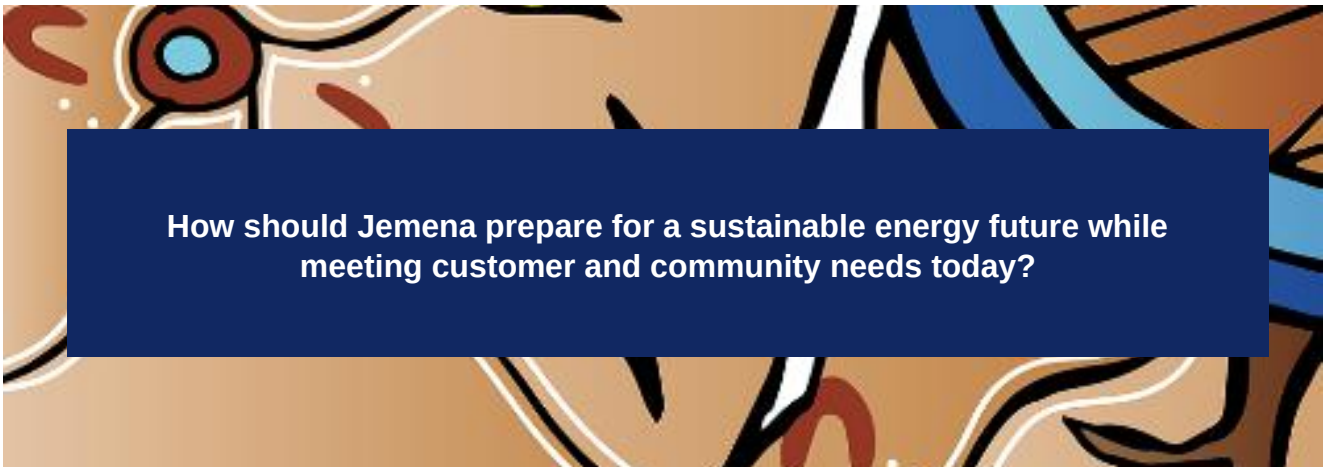
Our customers' expectations

Recognising our role as an essential service provider, we are driven to continuously improve our customer-centric culture and strive to understand customer needs and expectations. Our 2026-31 Proposal has provided us with a unique opportunity to allow our customers to help shape the services we offer, and to inspire our teams to improve outcomes for them.

> Our customer engagement goals are to develop a proposal that accurately reflects the preferences of our diverse customers, and to capture the views of customers that without specialist engagement, their voices would not be heard.

With a constantly changing environment and cost of living pressures, providing a fair energy future has never been more important than now. With the increase in customer uptake of renewables and other technologies, people are rapidly changing both how they use electricity and what they expect from the electricity network. This compels us to rethink the best ways to plan for the future and charge for electricity in a way that is fair and equitable and meets the varying expectations of our customers.

Throughout the engagement process, we asked our customers to think about and make suggestions and recommendations on the question:



Our customers have spoken and we listened. Table S.1 provides a snapshot of our customers' key priorities, while Chapter 2 of our 2026-31 Proposal sets out in detail our ambitious and extensive customer engagement journey, our customers' priorities and recommendations, and how we have responded to this feedback. We are

grateful to all the customers who have engaged with us for their invaluable insights and generosity in giving us their time.

Table S.1: Snapshot of our customers' key priorities and expectations

Key themes	Detail
Affordability, equitable and fair tariff reform	Our customers want electricity prices to be affordable. They want us to implement a tariff structure that is fair for different types of customers, such as solar and non-solar.
Reliability, resilience, power quality	Our customers want us to prioritise investment in network reliability to maintain service standards, power quality and customer experience and accommodate new growth. They want us to prioritise investment in network resilience to help us withstand and recover from the effects of natural hazards or disasters.
Sustainability	Our customers want us to facilitate the transition to renewable energy sources and champion renewable energy in new housing and estates. Customers see us playing a leading role in enabling energy storage and incentivising battery take up and they want us to prepare for the increase in electric vehicle (EV) charging. Customers expect our operations to be sustainable and to maximise the use of green energy across the network as much as possible.
Digitisation and automation	Our customers want us to digitise and automate the network to make it smarter, more responsive and more efficient.
Ongoing customer service excellence	Customers strongly want us to take a leading role in empowering and educating them through the energy transition and making communications to them efficient and accessible.
Social and corporate responsibility	Our customers want us to continue to provide support for customers experiencing vulnerability and to help protect the land. Our customers want us to lead by example in reducing emissions and achieving net-zero targets.

Energy transition

Five global megatrends are currently driving the energy transformation, which are likely to fundamentally change the structure and function of the electricity system over the next regulatory period and the long term. These are:

- **Decentralisation**. There has been a gradual decline in demand for electricity from centralised sources like power stations. Conversely, the generation from, and consumption of, electricity from consumer energy resources (CER)[2] has increased.
- **Decarbonisation**. Federal and state governments are implementing policies to decarbonise the economy, and many have accelerated their emissions reduction targets in recent years. In light of this and the expected retirement of the coal generation fleet between now and 2050, significant amounts of intermittent renewable generation—whether large-scale or CER—will likely enter the electricity system in its place.
- **Electrification**. Electrification is likely to be recognised for its environmental benefits by shifting end uses of electricity—including transport and heating—away from fossil-fuel sources. EVs present an opportunity to increase the utilisation of the electricity distribution network, and if the additional electricity used in EV charging can be managed, the expected increase in peak demand can be abated. In addition, the Victorian Government has placed a ban on new reticulated gas network connections. We expect more customers connecting to our electricity network as a result of the Victorian Government's gas policy.

2 CER are small-scale energy resources owned by customers, which can produce, store or vary how they use energy. CER includes rooftop solar, batteries and EVs and more traditional assets such as hot water heaters and pool pumps.

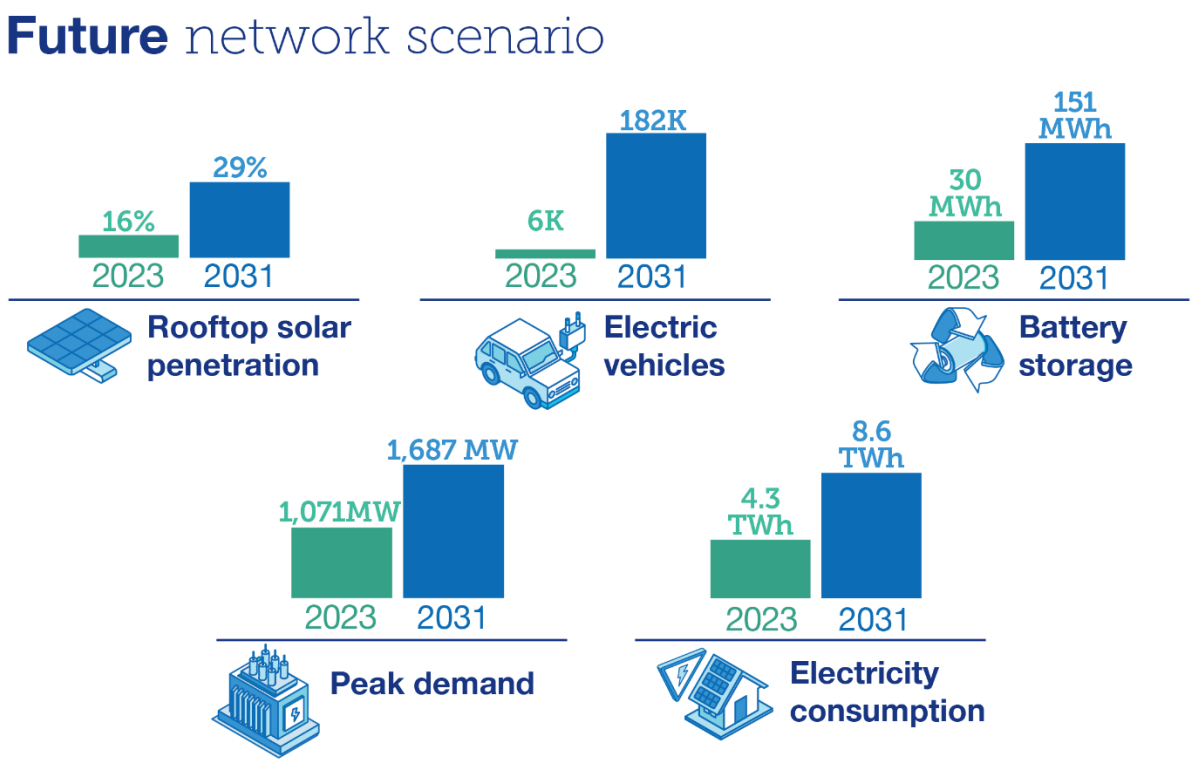
- **The rise of energy storage**. Energy storage is made possible by converting electricity into other forms of energy that can be stored. A growing form of energy storage is batteries. Storage batteries, if managed well, can abate the expected increase in peak demand.
- **Digitisation**. Digital technologies such as smart meters, sensors, automation, machine learning, artificial intelligence and other digital network technologies can create smart integrated networks that better meet customers' needs.

Our analysis shows that due to the energy transformation, our network will be significantly different by 2031. Figure S.1 shows a snapshot of the status of our network by 2031 under a neutral scenario.[3]

From a network perspective, the more variable renewable generation sources that enter the system, the greater the need for flexible, dispatchable capacity to maintain system reliability and security. It could also mean there is a greater need for interconnectedness – both physical and digital – to balance and vary the generation mix. We cannot wait until 2030 or 2040 to address the challenges associated with the energy transition. New capabilities and systems must be added in the next regulatory period.

We have developed a CER Integration Strategy to help us manage the uncertainty and range of risks associated with the transformation.

Figure S.1: Status of our network by 2031 under a neutral scenario



Data centres

Whether you use the internet for online banking, connecting with friends and family, or working from home, you are creating data. While we tend to describe this data as existing 'in the cloud', the websites and apps you

3 Our neutral scenario is consistent with the AEMO's step change scenario (moderate growth, fast change scenario). See Chapter 3 (energy transition) of this document for more details.

interact with store this data in large computer servers. These servers and the systems that keep the data secure are housed in purpose-built buildings called data centres.

It is estimated that over the next five years, trends in internet usage and new technologies like Artificial Intelligence (AI) will generate twice as much data as the past ten years. This means that data centre storage will need to increase by 18.5% per year over the same period.[4]

Data centres are energy-intensive and need to be operational 24/7. They are designed with electricity redundancy to minimise the chance of a power outage. This means that when they connect to the network, costly upgrades are often required to ensure they can get all the electricity they need all the time.

Based on the information shared with us by prospective customers, we forecast that more data centres will apply to connect to our network. Our 2026-31 Proposal has accounted for these intensive data centre projects. Connecting data centres to our network increases our capital expenditure. However, in the long term, their presence on the network will reduce costs for our customers due to economies of scale and the potential to improve network utilisation. The price reductions included within our 2026-31 Proposal are enabled by the significant increase in energy consumption that we expect to see on our network over the next regulatory period, which is largely driven by these data centres. Should actual consumption be greater than we forecast, this will place further downward pressure on distribution bills.

Regulatory obligations

We need to maintain the level of performance provided by our existing assets, or else they will deteriorate and eventually fail. If failure occurs, the quality of service we provide to our customers would decline and we would fail to comply with our regulatory obligations, potentially negatively affecting the stability of the wider electricity grid. Our condition-based and consequence-based risk assessment of our existing assets suggests that we will need to replace several distribution system assets, SCADA,[5] network control and protection systems and assets, and subtransmission assets in the next regulatory period.

Network resilience

Network resilience is the ability of the electricity network to withstand and recover from the effects of a natural hazard or disaster, such as floods, storms and bushfires. The impacts of climate change on electricity distribution are already present and increasing. Our customers have increased expectations about how we perform in extreme situations. Throughout our engagement process, our customers told us that JEN needs to prioritise investing in network resilience so it can withstand and recover more quickly from the effects of a natural hazard or disaster.

Following the extreme weather events in Victoria in 2023 and 2024, the Victorian Government has placed additional obligations on electricity distributors to ensure our networks and the communities we serve can withstand and recover from extreme weather events in the future. Due to the timing of the release of some of these new obligations, we have not been able to incorporate the impacts into this 2026-31 Proposal.
We will consider the new obligations not currently incorporated into our 2026-31 Proposal in our Revised 2026-31 Proposal, due in late 2025.

We have developed our 2026-31 Proposal using a long-term, whole-system approach

Long-term approach. Many of the required technologies needed to address challenges associated with the energy transition are in their infancy or do not yet exist at scale. We will upgrade our Information and Communication Technology (ICT) networks to ensure we can implement advanced technologies to reduce future network costs and enable consumer participation. Our 2026-31 Proposal is premised on the assumption that these technologies will be increasingly effective beyond 2031 thereby reducing the level of investment we need beyond the next regulatory period.

4 John Rydning, International Data Corporation Document #US49346223, Revelations in the Global Storage Sphere 2023, August 2023.

5 SCADA (supervisory control and data acquisition) is a real-time control system that enables monitoring, and the issuing of process commands to manage the high-voltage network in real time.

Whole-of-system approach. Our 2026-31 Proposal considers how we can empower our customers and help them unlock greater value from our network through the various digital technologies we propose to implement to accommodate more CER while meeting our regulatory obligations. We are conscious that if we do nothing, constraints on our network will result in higher costs to consumers by reducing their ability to unlock the advantages of solar and lower-cost electricity for EVs and heating.

Our expenditure forecasts

For the next regulatory period, we forecast an operating expenditure of $615 million, which is 4% lower than our allowance for the current regulatory period (excluding inflation). Our forecast base year operating expenditure is below the efficient level estimated using the AER's benchmarking approach. This is unsurprising as we operate efficiently and benchmark well amongst our peers.

We forecast a gross capital expenditure of around $2.2 billion, a 58% increase from our expected capital expenditure for the current regulatory period. After deducting capital contributions from connecting customers and proceeds from any asset disposals, our forecast net capital expenditure is $1.4 billion. This reflects the costs needed for us to meet our customers' expectations and address the operating challenges we are facing, as outlined above.

Under-investment in network capital expenditure can cause our network to have insufficient capacity to serve the increased load, including from data centres. This will not only lead to higher bills from lower overall utilisation but could lead to increased unreliability during peak times. It will also place limits on network connections, the uptake of CER, and customers moving from gas to electricity for their home heating requirements.

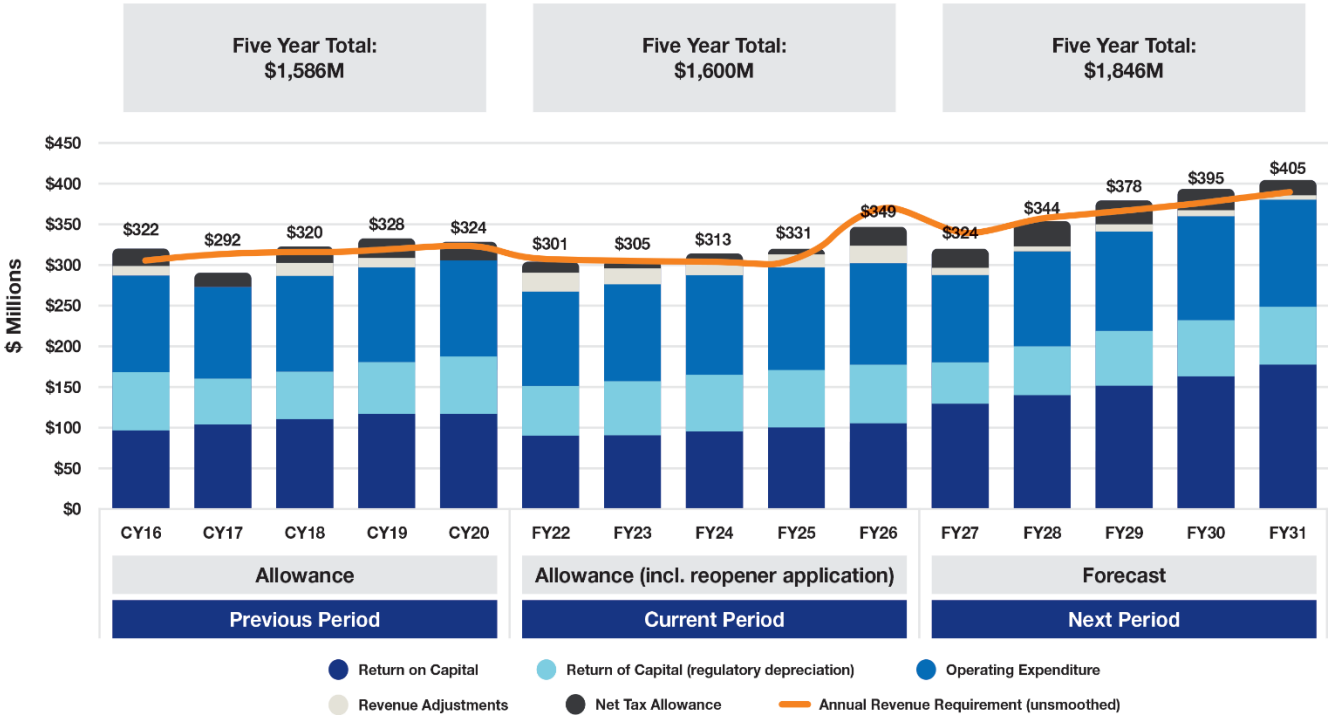
We have assessed the prudency and efficiency of our proposed initiatives against the national energy objectives under the NEL and the AER's various guidelines.

Our required revenue to deliver the 2026-31 Proposal

We forecast that we will need $1,846 million in revenue over the next regulatory period, a 15% increase from our revenue requirement for the current regulatory period[6] (see Figure S.2). Key drivers for the increase are our proposed investments to connect new customers, maintain network reliability and improve resilience, accommodate CER (rooftop solar, EVs and batteries), digitise and automate and provide ongoing service excellence to our customers. These initiatives are consistent with and in response to our customers' feedback and recommendations.

6 Our revenue requirement for the current regulatory period includes JEN's reopener application, which we provide more details in Attachment 08-01.

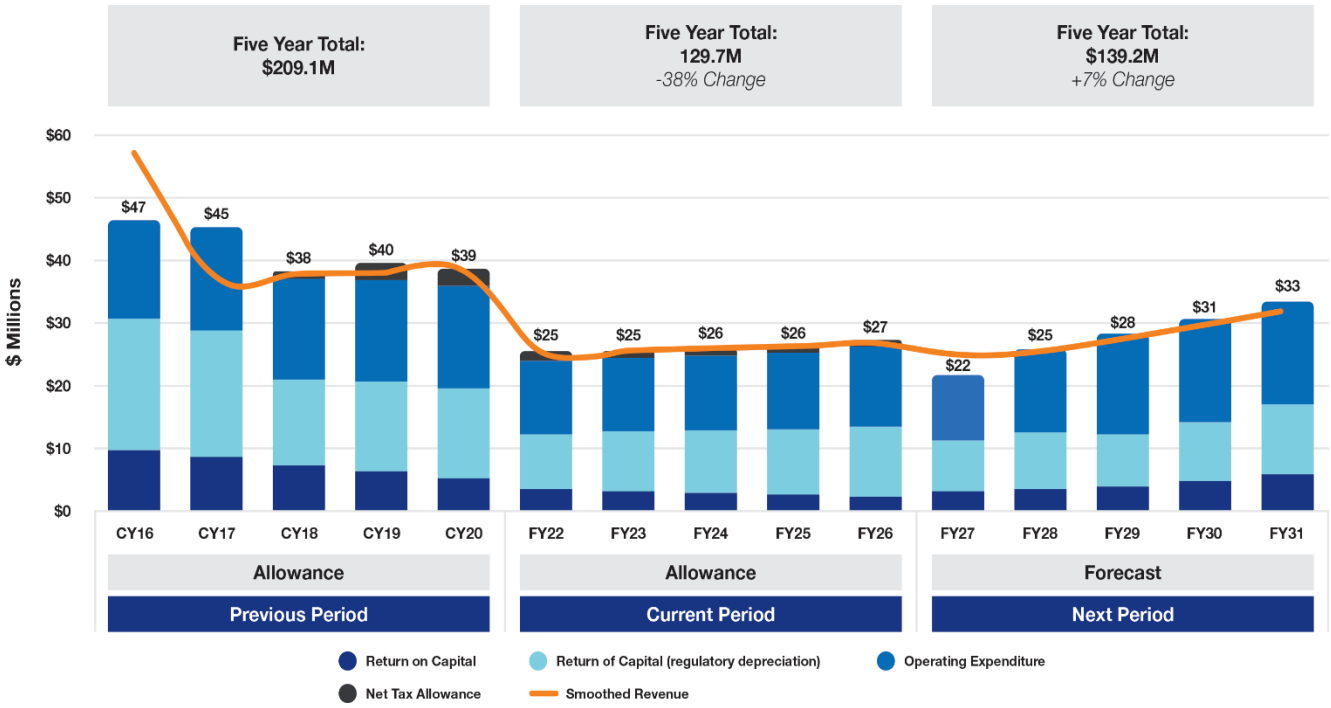
Figure S.2: Total revenue requirement – network distribution services, real $2026, millions



We are also seeking $139 million in revenue over the next regulatory period to deliver advanced metering services to our residential and small business customers, which represents a 7% increase from the current regulatory period (see Figure S.3). Key drivers for our proposed revenue requirement for smart metering services include:

- replacement of smart meters that have reached their 15-year technical lifespan
- in-person inspections of meters as part of our new regulatory obligations.

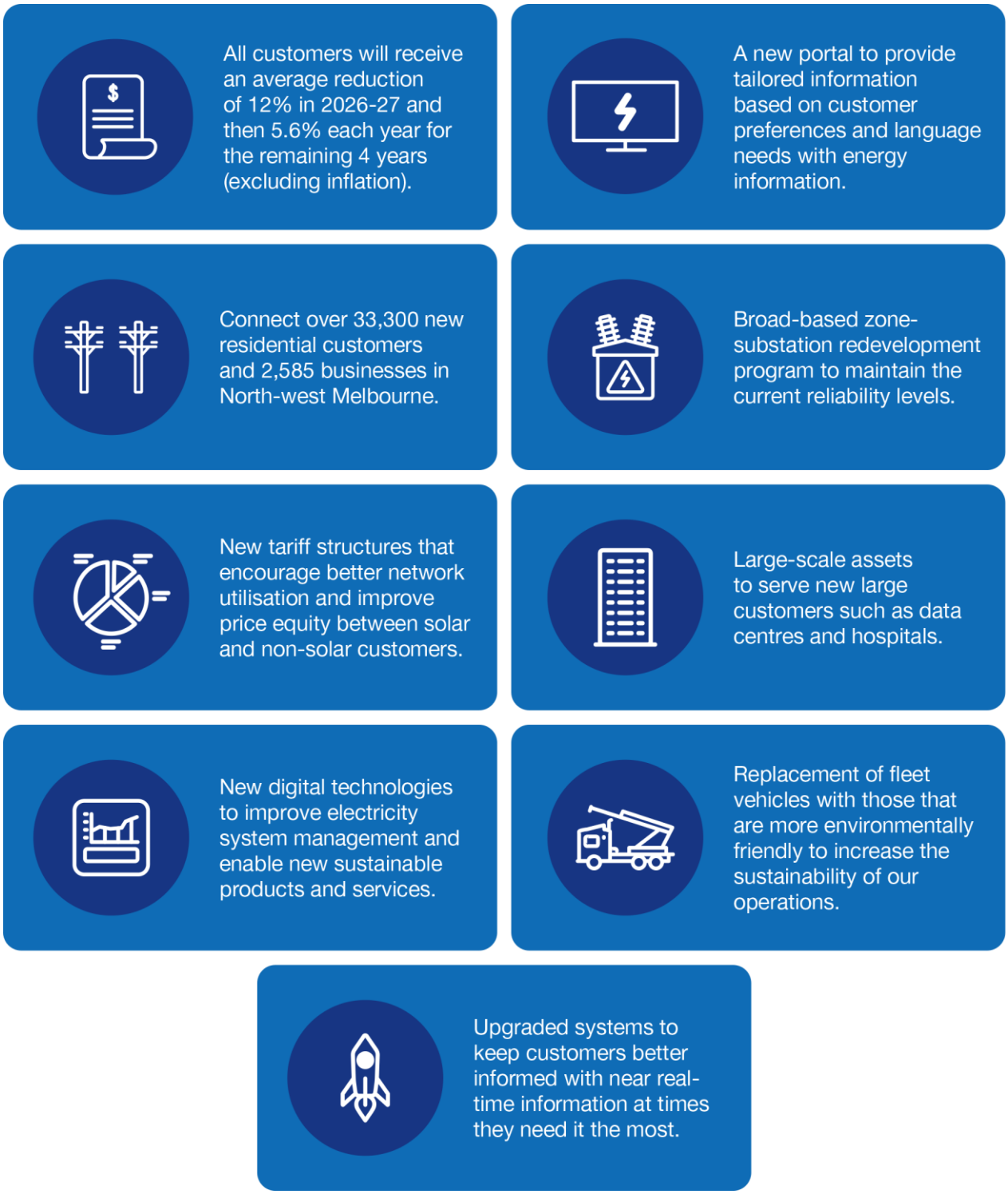
Figure S.3: Revenue requirement for smart metering services, real $2026, millions





What our 2026-31 Proposal will deliver for our customers

Figure S.4: Our 2026-31 Proposal will deliver the following benefits for our customers

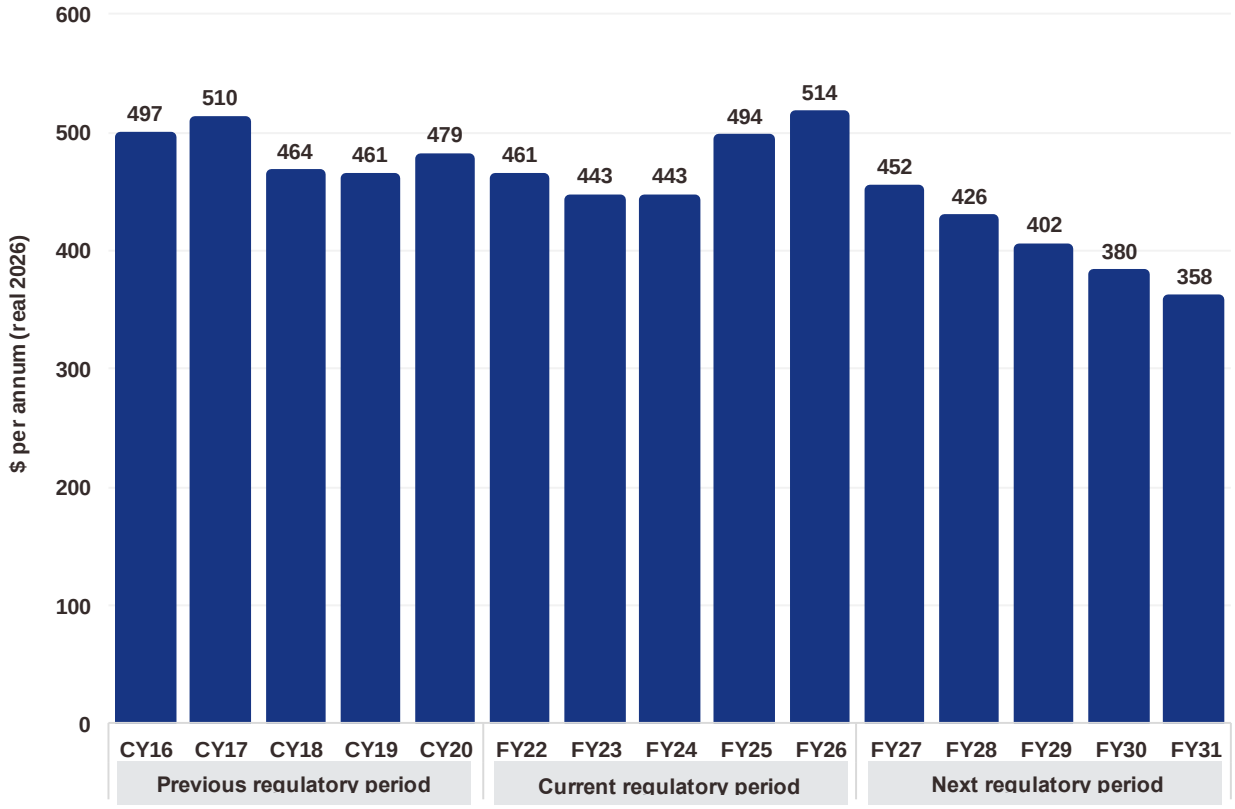


Customer bill impacts

Affordability remains our customers' top concern. We propose to deliver a significant reduction in distribution charges in 2026-27 of 12%, followed by further price decreases of 5.6% each year from 2027-28 until the end of the next regulatory period. Our proposed price reduction is enabled by an increase in load from data centres, major connections and increased utilisation from existing customers as they move from using gas to electricity to heat their homes and cook their meals.

Network distribution costs represent around 35% of a typical residential customer's electricity bills. Figure S.5 shows the historical and forecast distribution charges for a typical residential customer. A typical residential customer's average annual bill is expected to decrease from $471 in the current period to $404 in the next period, which represents a 14% saving in real terms.

Figure S.5: Historical and forecast residential distribution charges per year, $2026



Note: for residential customers consuming around 4300kWh per annum



We are proposing some changes to our tariff structures

To reflect our customers' preferences for improving fairness, equity, and cost-reflectivity, we want to incentivise customers, with or without solar, to take up more energy created in the middle of the day. For the next regulatory period, we are proposing two new residential tariff structures:

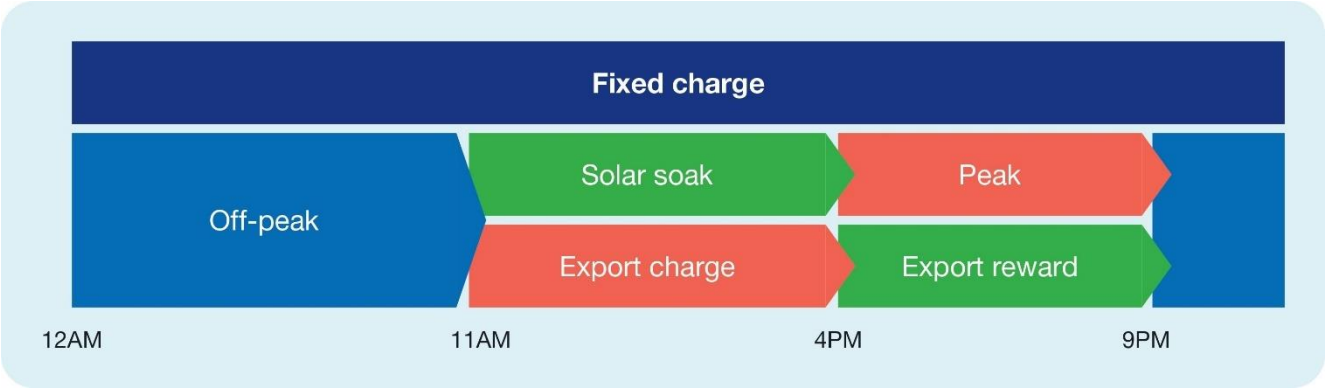
- **Daytime Saver Time of Use.** This tariff will enable all customers to benefit from the energy generated by customers with rooftop solar generating units. We propose to replace our existing Time of Use **(**ToU**)** tariff by introducing a daytime saver period in the middle of the day while maintaining the peak and off-peak components of the previous tariff. This daytime saver period would operate as an additional off-peak period, with cheaper pricing than the off-peak window to encourage consumption (Figure S.6) in the daytime "solar soak" window.

Figure S.6: Daytime Saver



- **Export Tariff**. This tariff includes charges for exporting electricity to the network when the network is constrained,[7] rewards customers who export electricity at a time when the network needs it the most and applies no export charges when exports are expected to have no network impact (Figure S.7). This tariff will be provided on an *opt-in* basis in the next regulatory period.

Figure S.7: Proposed export tariff structure and timing



Network reliability

Throughout this 2026-31 Proposal, we have ensured that our planned expenditures represent the most efficient way of meeting our customers' needs, the objectives we have identified, and our regulatory obligations as the energy market transitions.

Our forecast does not include additional costs to improve network reliability, as our customers have told us they do not see the value in paying for these improvements. They did, however, tell us that we needed to maintain our current levels of service as the energy market transitions and therefore our forecast does include expenditure to ensure that the level of reliability we currently provide does not degrade.

7 For example when the network is at or close to capacity of being able to accept any more electricity generation from customers.



Wurru Wurru Biik Djirringu – Sky Country of Lightning

The traditional language of the Wurundjeri People is Woi-Wurrung. In the Woi-Wurrung language, the name Wurundjeri is in two parts. ‘Wurun’ meaning the manna gum tree, and ‘djeri’, the white grub that lives in the tree – the witchetty grub. Manna gum leaves float across the sky symbolising deep respects to the traditional custodians of the lands and waterways in which Jemena operates – Wurundjeri Country.

Birrarung, the majestic river of mist and shadows weaves gently across country from its birthplace at the foothills of the Great Dividing Range, to the saltwater Bay of Naarm, the place known as Melbourne. This significant and sacred waterway was a vital food source and means of travel, and the meeting place for inter-clan trade and ceremonies. The flowing water represents our connection to energy and mother earth and the relationship we all have with this vital resource.

Campsites are depicted along the river; they are the arced shaped mounds representing the customer homes within the region that Jemena services. Trees along the waterways represent the growing strength of Jemena and symbolise the intricate root system beneath country linking its customers. A burst of lightning strikes from the sky above, a flicker of light represents its relationship to power and its likeness to the extensive network of tree roots symbolising the distribution of power.

Bunjil the Wedgetail Eagle is the great and mighty creator spirit for the Wurundjeri People and all the Kulin Tribes. He created the lands and sacred waterways and all the flowers, trees and animals. After his creation he took the clay from the earth and moulded it into his people.

He took the string from the stringy bark tree and used it for their hair, then he blew into their mouths so they could breathe. After this, Bunjil was tired. So, he asked Waa the Crow, the Keeper of the Wind and Water if he could open up his bag of wind, he was too tired to use his wings to fly.

Waa did as he was asked and opened up his bag, but the wind was small. Bunjil asked him to open wider for a bigger wind, so Waa did as he was asked and opened his bag wider creating a mighty and powerful whirly wind. It lifted Bunjil into the air and carried him high into the sky right up into the heavens where he became the stars. This is where he remains today watching over his beautiful creation.

In the Aboriginal way, a person is represented by the ‘U’ and ‘n’ symbol. From the bird’s eye view, this is the shape a person makes whilst sitting on the ground, knees crossed. People are shown around the interconnecting circles representing the many communities across Wurundjeri Country who are customers of Jemena. White dots around these circles symbolise Bunjil’s stars in the sky country representing light and power distributed by Jemena.

The large Gathering Circle along Birrarung is the meeting place of Jemena. This is the place where its community gather symbolising the commitment they share in delivering power to its customers, the broader community. It is the place where Bunjil circles from above in his sky country of lightning – *wurru wurru biik djirringu.*

— Simone Thomson, a proud Wurundjeri and Yorta-Yorta woman

The Artist



Simone is a Melbourne based Aboriginal artist and Traditional Owner of Victoria’s Woi-Wurrung Wurundjeri and Yorta-Yorta language groups through her mother. Simone also has Irish and Scottish heritage from her father. Simone draws inspiration for her art from the abundant textures and colours of this beautiful land, along with the ancestral bonds she has to the Birrarung (Yarra River) and Dhungala (the Murray River).

The origins of the name Jemena is from the Wagiman people in the Northern Territory (spelt Jemenna in the Wagiman language).

It means “to hear, to listen, to think”.

We have been operating with permission from the Wagiman people under the variant name Jemena since 2008.

