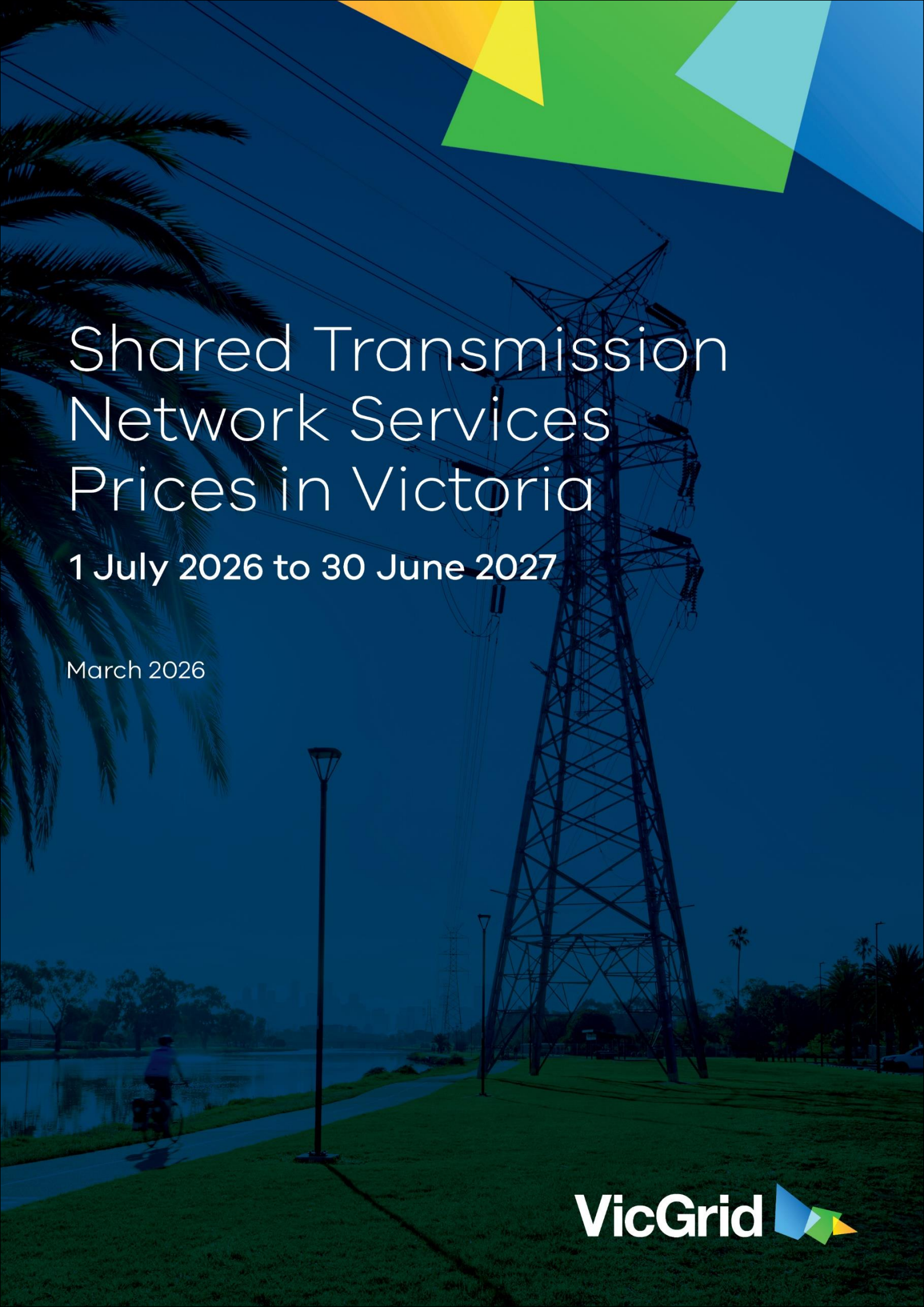




Shared Transmission Network Services Prices in Victoria

1 July 2026 to 30 June 2027

March 2026

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Purpose

VicGrid has prepared this document to provide information about shared transmission network services prices in Victoria, as at the date of publication.

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We acknowledge and respect Victoria's Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We are committed to genuinely partnering and meaningfully engaging with Victoria's Traditional Owners and First Peoples to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.

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1 Shared Transmission Network Services Prices in Victoria

The *National Electricity (Victoria) Act 2005* (NEVA) confers on VicGrid the declared network functions in Victoria, under section 50C of the National Electricity Law (NEL), and enables VicGrid to charge network users for the services it provides under these functions. VicGrid's Transmission Use of System (TUoS) charges recover the costs for providing shared prescribed transmission network services in Victoria. The TUoS revenue requirement and its allocation to each prescribed service category is determined in accordance with the National Electricity Rules (NER), VicGrid's Revenue Methodology and Pricing Methodology.¹

TUoS revenue requirement for 2026-27 (FY27) is budgeted to be \$1,018 million, which is \$220 million (27.6%) higher compared to 2025-26 (FY26). In determining the TUoS revenue requirement, Table 1 below outlines the year-on-year changes for key components of the TUoS revenue requirement. Values presented in brackets are a net income which reduces the revenue requirement.

Table 1: TUoS Revenue Requirement for FY27

\$ million ²	FY26 budget	FY27 budget	Change	Note	Allocated service category
Network costs	710	880	169		
Regulated network charges	388	526	138	1	All
Non-regulated network charges	75	106	31	2	All
Net MLEC (receipt)/payment	(20)	(10)	9	3	Locational
Easement tax	272	263	(10)	1	Common
Settlement residue	(5)	(4)	1	4	Locational, non-locational
Planning costs	99	127	28		
Vic TNSP costs	91	119	28	5	Common
AEMO National Transmission Planner (NTP) costs ³	8	8	1	6	Non-locational
Total TUoS related costs	809	1,007	197		
Prior year (surplus)/deficit	(11)	12	22	7	Locational, non-locational
TUoS revenue requirement	798	1,018	220		

Explanation of notes:

1. Change in AusNet's and Murraylink's maximum allow revenue (MAR) relating to annual updates to the cost of debt, inflation, and pass through of the easement tax. It also includes Basslink's MAR (as per Australian Energy Regulator's draft determination dated 12 September 2025), which reflects the expected conversion of the service provided by the Basslink interconnector from a market network service to a prescribed transmission service.

¹ See <https://www.vicgrid.com.au/industry/access-and-connections/fees-and-charges> for VicGrid's Revenue Methodology and Pricing Methodology.

² Due to rounding, the values may not add up.

³ See <https://www.aemo.com.au/about/corporate-governance/energy-market-fees-and-charges> for AEMO National Transmission Planner fees.

2. Non-regulated network charges have increased in FY27 due to the service commencement of new network projects, inflation adjustments for existing projects and, VicGrid commencing its obligation as the new System Strength Service Provider (SSSP) in Victoria from 1 November 2025.
3. Net receipt to/from Co-ordinating Network Service Providers (CNSPs) associated with the Modified Load Export Charge (MLEC).
4. Reduction in settlement residue due to higher forecast of negative settlement residue payments associated with network congestion in the southern region of New South Wales.
5. Increase in VicGrid's costs driven by additional FY27 work, including scoping for Victorian Transmission Plan projects, establishing the access regime, and community engagement activities.
6. Adjustment in NTP fees is due to changes and increasing complexity in the national planning ecosystem, including greater engagement with government, industry, consumer and community representatives.
7. An accumulated deficit is forecast for FY27 reflecting deficits carrying forward from FY25 and FY26 due to increases in regulated and non-regulated network charges, partially offset by a reduction in easement tax.

The shared transmission network services prices applicable for the financial year 1 July 2026 to 30 June 2027 are:

- Locational prices
- Non-locational prices
- Common service prices
- System strength unit prices

More detail on each of the four components is provided below.

1.1 Prescribed TUoS services – locational

Locational charges reflect the cost of using the network at various locations. They are designed to encourage the most efficient use of the transmission network and are based on demand at times of greatest utilisation of the transmission network connection point. Locational prices are calculated at each connection point and the locational charge is calculated based on these locational prices.

As per VicGrid's Pricing Methodology, 50% of the maximum allowed revenue for prescribed TUoS services is allocated to the locational component. The locational component is then adjusted by inter-regional settlement residue auctions proceeds, negative inter-regional settlement residue payments, and net payments and receipts between neighbouring transmission network service providers for use of their respective transmission networks (referred to as Modified Load Export Charges (MLEC)).

Locational prices are on average 13.1% higher in FY27 compared to FY26 driven primarily by higher anticipated negative inter-regional settlement residue payments associated with network congestion in the southern region of NSW. The locational prices for each terminal station are set out in Table 2.

1.2 Prescribed TUoS services – non-locational

Non-locational charges recover the balance of VicGrid's annual revenue requirement for prescribed TUoS services. The non-locational price is either an energy or capacity price, each of which has a common value across all locations.

As per VicGrid's pricing methodology, 50% of the maximum allowed revenue for prescribed TUoS services is allocated to the non-locational component. The non-locational component is then adjusted by intra-regional settlement residue, prior year's under or over-recovery, AEMO's National Transmission Planner (NTP) fees, and under or over-recovery of locational revenue as a result of applying the +/- 2% price cap on locational prices.⁴

Non-locational prices are higher in FY27 (150.2% for energy and 136.2% for capacity) compared to FY26 mainly due to a reduction in prior year recovery and a reduction in inter regional settlement residue revenue in FY25 and FY26. Refer to Table 3 for prices.

⁴ Refer to VicGrid's Pricing Methodology for more information on the 2% price cap.

1.3 Prescribed common services

Common services include the cost of planning and operating the network, such as control buildings, protection systems, easements, and land tax. The common services price is either an energy or capacity price, each of which has a common value across all locations.

Common services prices are higher in FY27 (12.4% to energy and 6.1% to capacity price), compared to FY26 mainly due increases in network charges and VicGrid's costs associated with its declared network functions, including its obligation as the new SSSP in Victoria. Refer to Table 3 for prices.

1.4 System strength transmission services

In the National Electricity Market (NEM), system strength ensures grid stability by maintaining sufficient fault level for protection system operation and a stable voltage waveform during disturbances. With the increase of renewable energy resources (like wind, solar and batteries), which rely on inverters to connect to the power system, maintaining system strength has become more difficult. Unlike traditional synchronous machines (coal, gas, hydro) some inverter-based resources don't naturally support system strength. To address this, system strength transmission services have been introduced to maintain power system stability.

VicGrid's role and obligations

As the new SSSP for Victoria from 1 November 2025, VicGrid is required to provide system strength as a prescribed transmission service, and proactively plans and procures the full amount of system strength to meet specified planning standards for the region so that system strength is available when it is needed.

Recovery of system strength costs

The NER allows VicGrid to recover its system strength cost by charging inverter-based resource connection proponents that use system strength services, through the system strength charge, and consumers, through TUoS charges.

System Strength Unit Price (SSUP)

The SSUPs will apply for the duration of the current system strength charging period⁵ from 1 July 2023 to 30 June 2028 and are indexed annually in accordance with VicGrid's Pricing Methodology. Table 4 details the SSUPs for the calculation of prescribed system strength charges for eligible connecting inverter-based resource proponents who choose not to self-remediate their full system strength impact on the network.

⁵ Refer to NER 6A.23.5(b)

2 Schedule of prices for 1 July 2026 to 30 June 2027

GST is not applicable to TUoS and system strength charges.

2.1 Locational prices

Table 2: Locational prices

Terminal station	\$/MW
Altona	25,120
Ballarat	35,816
Bendigo	36,867
Brooklyn	26,494
Brunswick	27,221
Cranbourne	21,245
Deer Park	34,738
East Rowville	21,365
Fishermans Bend	26,833
Fosterville	34,042
Geelong	27,738
Glenrowan	22,527
Heatherton	24,959
Heywood	41,705
Horsham	55,447
Keilor	23,322
Kerang	66,811
Loy Yang	21,549
Malvern	28,467

Terminal Station	\$/MW
Morwell	12,017
Mount Beauty	4,083
Portland Smelter	46,106
Red Cliffs	61,169
Richmond	24,858
Ringwood	21,517
Shepparton	32,329
South Morang	21,651
Springvale	21,066
Templestowe	22,939
Terang	60,719
Thomastown	22,267
Tyabb	26,180
Wemen	49,519
West Melbourne	24,706
Western Port	34,020
Wodonga	12,993
Yallourn PS G.5	15,395

2.2 Common service and non-locational prices

Table 3: Common service and non-locational prices

(Either one of the following)	Common service price	Non-locational price
Energy price (\$/MWh)	17.542	4.958
Capacity price (\$/MW)	76,281	21,558

2.3 System strength unit price

Table 4: System strength unit price

System strength node	Node voltage (kV)	FY27 SSUP (\$/MVA/year)	FY26 SSUP (\$/MVA/year)
Dederang	220	\$4,056	\$3,929
Hazelwood	500	\$5,025	\$4,867
Moorabool	220	\$5,093	\$4,934
Red Cliffs	220	\$4,907	\$4,754
Thomastown	220	\$4,446	\$4,306

Prices in this table are fixed and are not subject to rise and fall during the financial year. Annual inflation adjustment is performed in accordance with VicGrid's Pricing Methodology by applying the weighted average of eight capital cities CPI for the September quarter. This is the same indexation series used to index the MAR approved by the AER in AusNet's 2022-27 revenue determination.

2.4 TUoS pricing methodology

TUoS methodology

The FY27 TUOS prices have been determined in accordance with Chapter 6A of the NER and VicGrid's Pricing Methodology⁶ for the current regulatory control period.

TUoS charges calculation method

These prices apply to metered usage at terminal stations. Terminal stations are where the assets owned by distribution businesses and other transmission-connected customers connect to the shared transmission network.

As per VicGrid's Pricing Methodology, locational charges for FY27 are calculated at each terminal station by:

- Identifying the half-hour period in each of the twelve months over the period from 1 July 2024 to 30 June 2025 when terminal station demand was highest.
- Calculating the average of the twelve monthly connection point half-hour demands (in megawatts [MW]) at the time of the terminal station monthly maximum demand from paragraph (a).
- Multiplying the locational price (\$/MW) that applies to each terminal station by the demand calculated in paragraph (b).

Common service charges and non-locational charges for FY27 are either:

- Energy price multiplied by metered energy at the connection point from 1 July 2024 to 30 June 2025; or

⁶ As a result of the transfer of functions from AEMO to VicGrid under NEVA (s.118), AEMO's Pricing Methodology—approved by the Australian Energy Regulator on 31 January 2023—is taken to be VicGrid's initial Pricing Methodology. Any reference to AEMO in that methodology is to be read as a reference to VicGrid, unless the context requires otherwise.

- b) Capacity price multiplied by contract agreed maximum demand for the connection point applicable during FY27. Capacity price is only available where a customer's agreement with VicGrid nominates a fixed maximum demand and a penalty for exceeding that demand.

System strength unit price calculation method

The SSUP is a price per MVA which reflects the forecast long run average costs of providing system strength transmission services at the relevant system strength node. It is calculated by dividing the total forecast long run capital and operating cost of providing an efficient quantity of system strength at a system strength node over a period of 10 years by the total forecast system strength hosting capacity provided by that system strength node over a period of 10 years. The SSUP is calculated once at the start of each 5-year system strength charging period, and applies for the duration of that system strength charging period, subject to annual inflation adjustment in accordance with VicGrid's Pricing Methodology.

Contact us



Phone: 1800 418 341

Email: enquiries@vicgrid.com.au

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