

## **A.3 Regulatory Information Notice Compliance Checklist**

Enabling Central-West Orana Renewable Energy Zone Network Infrastructure Project  
Revenue Proposal

July 2025

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## Enabling CWO RNIP Regulatory Information Notice Compliance Checklist

This document details how Transgrid's Enabling CWO REZ Network Infrastructure Project (Enabling CWO RNIP) Revenue Proposal complies with section 4 and 5 of the Enabling CWO RNIP Regulatory Information Notice (RIN) issued by the AER on 21 July 2025.

RIN Clause	Provision	Cross-reference
<b>4.1 Requirement to provide information</b>		
4.1.1	<i>Transgrid</i> must prepare and provide the <i>AER</i> with a <i>revenue proposal</i> that complies with the information requirements of the <i>AER's Non-contestable Guideline</i> , the <i>EII Act</i> , <i>EII Regulation</i> , and the requirements of section 4 of this <i>notice</i> .	Transgrid's Revenue Proposal complies with the information requirements specified.
<b>4.2 Contents of Transgrid's revenue proposal</b>		
<b>Statements</b>		
4.2.1	Transgrid must include the following in its revenue proposal:	
4.2.1	(a) a statement of how <i>Transgrid's revenue proposal</i> is consistent with the Consumer Trustee's <i>authorisation</i> and its <i>contractual arrangements</i> and, if it is different, identify and provide reasons for the differences.	Section 1.4 of our Revenue Proposal demonstrates how our Revenue Proposal is consistent with the Consumer Trustee's authorisation and our Project Deed with EnergyCo.
<b>Total revenue (Section 38 of the EII Act and clause 50A of the EII Regulation)</b>		
Note: data to be provided in Workbook 1, regulatory template '2. Total and annual revenue'.		
4.2.1	(b) the total and annual revenue proposed to be paid to Transgrid over the forthcoming regulatory control period for carrying out the CWO Project as set out in the Consumer Trustee's authorisation.	See Attachment A.4 RIN Response, sheet '2. Total and annual revenue'.
4.2.1	(c) a break-down of the total and annual revenue into its components namely: <ul style="list-style-type: none"> <li>(i) repayment of capital costs as determined under the transmission efficiency test (that is, capital costs for development and construction of the CWO Project)</li> </ul>	

RIN Clause		Provision	Cross-reference
		<div>(ii) repayment of other capital costs associated with the CWO Project</div> <div>(iii) the return on capital costs that have not been repaid</div> <div>(iv) an allowance for operating costs</div> <div>(v) other costs including:<div>(A) indexation of the regulatory asset base</div><div>(B) the estimated cost of corporate income tax of Transgrid</div><div>(C) repayment of prudent, efficient, and reasonable capital costs not included in the component specified in the EII Act, section 38(2)(a)</div><div>(D) other risks for which Transgrid is not already compensated under the component specified in the EII Act, section 38(2)(b).</div></div>	
Schedule of payments (clause 52 of the EII Regulation)			
Note: data to be provided in Workbook 1, regulatory template ‘3. Schedule of payments’			
4.2.1	(d)	<div>a schedule of payments setting out:</div> <div>(i) each quarterly amount proposed to be paid to Transgrid by the Scheme Financial Vehicle over the forthcoming regulatory control period for carrying out the CWO Project</div> <div>(ii) the inflation forecast used for each quarter and the cumulative inflation index</div> <div>(iii) the date by which each quarterly payment is to be paid.</div>	<div>See Attachment A.4 RIN Response, sheet ‘3. Schedule of payments’ for the schedule of payments, setting out the quarterly amounts, inflation forecast and cumulative inflation index.</div> <div>See Chapter 12 of our Revenue Proposal for the methodology and payment dates.</div>
4.2.1	(e)	the methodology by which the quarterly amounts proposed to be paid to Transgrid have been calculated from the total revenue	<div>See Table 12-1 of our Revenue Proposal for the day in the quarter that payment is required to be made by the Scheme Financial Vehicle.</div>
4.2.1	(f)	the day in the quarter that payment is required to be made by the Scheme Financial Vehicle.	
Capital costs (section 38 of the EII Act)			
Note: data to be provided in Workbook 1, regulatory templates, worksheet ‘4. – Expenditure summary’ and ‘12. D&C capex for MCC’			



RIN Clause		Provision	Cross-reference
4.2.1	(g)	the capital costs for development and construction of the CWO Project over the pre-period and forthcoming regulatory control period with the following breakdowns: (i) total costs by regulatory year. (ii) costs separated by <i>post-tax revenue model</i> asset class by regulatory year on an as-incurred basis	See Attachment A.4 RIN Response, sheet '4. – Expenditure summary'.
4.2.1	(h)	how the proposed staging of development and construction complies with the terms of the Consumer Trustee's authorisation.	Our development and construction approach is outlined in: <ul style="list-style-type: none"> <li>• Chapter 2 of our Revenue Proposal</li> <li>• Chapter 4 of our Revenue Proposal</li> <li>• Attachment A.8 Direct Capex Forecasting Methodology.</li> </ul> The terms of Consumer Trustee's authorisation do not specify specific staging requirements. Our proposed approach outlines with the timing requirements set out in our Project Deed.
4.2.1	(i)	other (non-development and construction) capital costs associated with the CWO Project over the pre-period and forthcoming regulatory control period broken down by regulatory year.	See Attachment A.4 RIN Response, sheet '4. – Expenditure summary'.
4.2.1	(j)	a reconciliation of the capital costs for development and construction contained in the '12. D&C capex for MCC' worksheet with the proposed capex contained in the post-tax revenue model.	See Attachment A.4 RIN Response, sheet '12. D&C capex for MCC'.
<b>Regulatory requirements / contractual arrangements (clause 46(1)(b) of the EII Regulation)</b> <u>Note: data to be provided in <i>Workbook 1, regulatory template '7. Regulatory or contract costs'</i></u>			
4.2.1	(k)	an outline of the costs associated with Transgrid meeting its regulatory requirements / contractual arrangements including:  (iii) a description of each regulatory requirement / contractual arrangement and the basis for these costs being incurred (for example, relevant legislative or contractual provisions). [Note that payments in relation to a contractual arrangement must be	See: <ul style="list-style-type: none"> <li>• Attachment A.4 RIN Response, sheet '7. Regulatory or contract costs'</li> <li>• Chapter 4 of our Revenue Proposal</li> <li>• Chapter 5 of our Revenue Proposal</li> <li>• Chapter 12 of our Revenue Proposal</li> </ul>

RIN Clause		Provision	Cross-reference
		<p>for a contractual arrangement where Transgrid was required to enter into the arrangement under the Consumer Trustee's authorisation.</p> <p>(iv) the amount Transgrid is required to pay for each regulatory requirement / contractual arrangement and the period(s) in which the costs are forecast to be paid over the forthcoming regulatory control period.</p> <p>(v) how the costs for each regulatory requirement / contractual arrangement have been treated in calculating the total revenue amount and schedule of payments.</p> <p>(vi) for regulatory requirement costs where Transgrid has some discretion as to the amount to be paid, provide evidence of the efficiency, prudence and reasonableness of the cost associated with complying with the regulatory requirement.</p>	<ul style="list-style-type: none"> <li>• Direct Capex Forecasting Methodology</li> <li>• Opex Forecasting Methodology</li> </ul> <p>For the purposes of calculating the total revenue amount and the schedule of payments, the Infrastructure Planner costs, biodiversity offset costs, environmental approvals and Transfer Duty are part of our regulatory asset base used to calculate the revenue required to recover our costs. The regulatory and commercial contract management costs, vegetation rehabilitation management costs, Strategic Benefits Payments and operational insurance costs are treated as operating expenditure and added to the overall revenue requirement.</p> <p>There are additional costs in administering our Project Deed and related contracts as outlined in A.8 Direct Capex Forecasting Methodology and A.11 Opex Forecasting Methodology.</p>
<b>Adjustment mechanisms (clause 51 of the EII Regulation)</b> <u>Note: information to be provided in Workbook 1, regulatory template '8. Revenue adjustments'</u>			
4.2.1	(l)	the rationale for each proposed adjustment mechanism, explaining why it is necessary to allow for the adjustment and the evidence that would be presented to determine that the trigger for the adjustment had been met.	See Chapter 9 of our Revenue Proposal.
4.2.1	(m)	<p>a formulaic description of any mechanisms that will be used to adjust the revenue proposed to be paid to Transgrid and the schedule of payments within the regulatory control period (for example, to adjust payments for actual inflation or movements in the wage price index). For each proposed adjustment mechanism, provide:</p> <p>(i) a description of the components of revenue to be adjusted and the rationale for the adjustment (for example, relevant</p>	See Chapter 9 of our Revenue Proposal and Attachment A.4 RIN Response, sheet '8. Revenue adjustments'.

RIN Clause		Provision	Cross-reference
		<p>contractual provisions setting out the adjustment mechanism) including supporting evidence and documentation</p> <p>(ii) the timing of the adjustment for each component or relevant trigger event, and the timing of the application of the revised schedule of payments.</p> <p>(iii) a detailed explanation of the proposed method of indexation, escalation or adjustment</p> <p>(iv) identification of the authoritative source (or sources) of indices or data to be used for any indexation, escalation or adjustment</p>	
<b>Operating and maintenance costs</b> <u>Note: data to be provided in Workbook 1, regulatory template '9. Operating costs'</u>			
4.2.1	(n)	All relevant operating and maintenance costs associated with the CWO Project over the pre-period and forthcoming regulatory control period broken down by regulatory year.	See Attachment A.4 RIN Response, sheet '9. Operating costs and Chapter 5 of our Revenue Proposal.
<ul style="list-style-type: none"> <li><b>Depreciation</b></li> </ul>			
4.2.1	(o)	The matters relating to depreciation for the purposes of clause 47D(3) of the EII Regulation.	See Chapter 6 of our Revenue Proposal.
<ul style="list-style-type: none"> <li><b>Overview paper</b></li> </ul>			
4.2.1	(p)	<p>An overview paper which includes:</p> <p>(i) a summary of the revenue proposal, the purpose of which is to explain the revenue proposal in reasonably plain language to electricity consumers</p> <p>(ii) a summary of the scope and terms of the Consumer Trustee's authorisation and the network infrastructure project the authorisation requires Transgrid to carry out</p> <p>(iii) a description of whether the Transgrid has engaged with electricity consumers and, if so, what feedback was provided and how that feedback has been taken into account in developing the revenue proposal.</p>	See Attachment A.1 Enabling CWO RNIP Revenue Proposal Overview.

RIN Clause	Provision	Cross-reference
<ul style="list-style-type: none"> <li><b>Other</b></li> </ul>		
	(q) For all financial values the dollar terms in which the amounts are presented.	The dollar terms are stated for all financial values presented in the Revenue Proposal.
<b>EII Chapter 6A – S6A.1 requirements</b>		
<b>Capital expenditure</b>		
4.2.2	Transgrid's revenue proposal must include the following information and matters relating to capital expenditure as set out in EII Chapter 6A:	
4.2.2	(a) forecast of the required capital expenditure that complies with the requirements of clause 6A.6.7 of the EII Chapter 6A and identifies the forecast capital expenditure by reference to well accepted categories such as: <ul style="list-style-type: none"> <li>(i) asset class (e.g., transmission lines, substations etc.); or</li> <li>(ii) category driver (e.g., replacement, augmentation, non-network and connections.),</li> </ul> and identifies, in respect of proposed material assets: <ul style="list-style-type: none"> <li>(iii) the location of the proposed asset;</li> <li>(iv) the anticipated or known cost of the proposed asset; and</li> <li>(v) the categories of regulated network services which are to be provided by the proposed asset;</li> </ul>	See: <ul style="list-style-type: none"> <li>Chapter 1.3 of our Revenue Proposal – setting out the services to be provided</li> <li>Chapter 2 of our Revenue Proposal – setting out the project scope and describing the location</li> <li>Chapter 4 of our Revenue Proposal – setting out costs of the asset and identifying forecast capital expenditure</li> <li>Table 4.1 of the Revenue Proposal – total capex by category</li> <li>Table 4.2 of the Revenue Proposal – total capex by asset class.</li> </ul>
4.2.2	(b) the methodology used for developing the capital expenditure forecast	See Attachments A.8 Direct Capex Forecasting Methodology, A.9 Labour and Indirect Forecasting Methodology and A.10 Other Construction Costs Forecasting Methodology.
4.2.2	(c) the key assumptions that underlie the capital expenditure forecast	See Attachments A.8 Direct Capex Forecasting Methodology, A.9 Labour and Indirect Forecasting Methodology and A.10 Other Construction Costs Forecasting Methodology
4.2.2	(d) the certification required in section 6.2.1(a) of this notice	See Attachment A.7 Key Capex and Opex Assumptions Certification.



RIN Clause		Provision	Cross-reference
4.2.2	(e)	any non-network options considered by Transgrid	Non-network options have not been considered by Transgrid. Under the EII framework, the scope of the project is determined by the Infrastructure Planner and the Consumer Trustee.
4.2.2	(f)	the policy that Transgrid applies in capitalising operating expenditure.	See Attachment A.18 Expenditure Capitalisation Standard and Attachment A.19 Cost Allocation Methodology.
<b>Operating expenditure</b>			
4.2.3		Transgrid's revenue proposal must include the following information and matters relating to operating expenditure as set out in the EII Chapter 6A:	
4.2.3	(a)	<p>a forecast of the required operating expenditure that complies with the requirements of clause 6A.6.6 of EII Chapter 6A and identifies the forecast operating expenditure by reference to well accepted categories such as:</p> <ul style="list-style-type: none"> <li>(i) particular programs; or</li> <li>(ii) types of operating expenditure (e.g., maintenance, payroll, materials etc.),</li> </ul> <p>and identifies in respect of each such category:</p> <ul style="list-style-type: none"> <li>(iii) to what extent that forecast expenditure is on costs that are fixed and to what extent it is on costs that are variable; and</li> <li>(iv) the categories of regulated network services to which that forecast expenditure relates;</li> </ul>	See Chapter 5 of our Revenue Proposal and Attachment A.11 Opex Forecasting Methodology.
4.2.3	(b)	the methodology used for developing the operating expenditure forecast	
4.2.3	(c)	the forecasts of key variables relied upon to derive the operating expenditure forecast and the methodology used for developing those forecasts of key variables	
4.2.3	(d)	the key assumptions that underlie the operating expenditure forecast	
4.2.3	(e)	the certification required in section 6.2.1(b) of this notice	
			See Attachment A.7 Key Capex and Opex Assumptions Certification.

RIN Clause		Provision	Cross-reference
4.2.3	(f)	any non-network options considered by Transgrid.	Non-network options have not been considered by Transgrid. Under the EII framework, the scope of the project is determined by the Infrastructure Planner and the Consumer Trustee.
<b>Other matters</b>			
4.2.4		Transgrid's revenue proposal must include the following additional information and matters as set out in the EII Chapter 6A:	
4.2.4	(a)	identification and explanation of any significant interactions between the forecast capital expenditure and forecast operating expenditure programs.	<p>There are no significant interactions between the forecast capital expenditure and forecast operating expenditure programs.</p> <p>The proposed capex relates to the design and construction of the project, while the proposed opex relates to the operation and maintenance of the assets following commissioning.</p>
4.2.4	(b)	<p>which of the following incentive schemes <i>Transgrid</i> proposes will apply to it:</p> <ul style="list-style-type: none"> <li>(i) efficiency benefit sharing scheme;</li> <li>(ii) capital expenditure sharing scheme;</li> </ul>	See Chapter 10 of our Revenue Proposal.
4.2.4	(c)	the values that Transgrid proposes to apply to the efficiency benefit sharing scheme parameters for the purposes of the application to Transgrid of any efficiency benefit sharing scheme that applies in respect of the relevant regulatory control period, and an explanation of how those values comply with any relevant requirements set out in that scheme.	See Chapter 10.3 of our Revenue Proposal. We propose to defer the decision on whether EBSS should apply in the 2026-31 regulatory period to the end of the period noting the lack of historical opex.
4.2.4	(d)	a description, including relevant explanatory material, of how Transgrid proposes any capital expenditure sharing scheme that applies in respect of the forthcoming revenue determination should apply to it.	See Chapter 10.2 of our Revenue Proposal.
4.2.4	(e)	<p><i>Transgrid's</i> calculation of:</p> <ul style="list-style-type: none"> <li>(i) the estimated total revenue cap for the relevant regulatory control period; and</li> </ul>	<p>Refer to:</p> <ul style="list-style-type: none"> <li>• Chapter 11 of the Revenue Proposal</li> </ul>

RIN Clause	Provision	Cross-reference
	<p>(ii) the maximum allowed revenue for each regulatory year of the relevant regulatory control period,</p> <p>using the post-tax revenue model referred to in clause 6A.5 of <i>EII Chapter 6A</i>, together with:</p> <p>(iii) details of all amounts, values and other inputs used by Transgrid for that purpose;</p> <p>(iv) a demonstration that any such amounts, values and other inputs comply with the relevant requirements of Part C of <i>EII Chapter 6A</i>; and</p> <p>(v) an explanation of the calculation of the amounts referred to in subparagraphs (i) and (ii) and of the amounts, values and inputs referred to in subparagraph (iii);</p>	<ul style="list-style-type: none"> <li>Attachment M.6 Post Tax Revenue Model (PTRM) (unadjusted)</li> <li>Attachment M.7 PTRM (adjusted)</li> <li>Attachment A.4 RIN Response, sheet '2. Total and annual revenue'.</li> </ul>
4.2.4	<p>(f) <i>Transgrid's</i> nominated averaging periods to be used to calculate the allowed rate of return for the regulatory control period, in accordance with clause 6A.6.2 of <i>EII Chapter 6A</i> and the applicable <i>AER Rate of Return Instrument</i>. This should include:</p> <p>(i) a nominated risk free rate averaging period for the regulatory control period; and</p> <p>(ii) a nominated return on debt averaging period for each regulatory year within the regulatory control period.</p>	See Chapter 7 of our Revenue Proposal and Attachment A.20 Nominated Averaging Periods.
4.2.4	<p>(g) Transgrid's calculation of the allowed rate of return for each regulatory year of the relevant regulatory control period, using a placeholder period where the result of any nominated averaging period is not yet available.</p>	See Chapter 7 of the Revenue Proposal and Attachment M.5 Rate of Return Model.
4.2.4	<p>(h) Transgrid's calculation of the allowed imputation credits for each regulatory year of the regulatory control period.</p>	See Chapter 8 of the Revenue Proposal and Attachment M.7 PTRM (adjusted).
4.2.4	<p>(i) the depreciation schedules nominated by <i>Transgrid</i> for the purposes of clause 6A.6.3 of <i>EII Chapter 6A</i>, which categorise the relevant assets for these purposes by reference to well accepted categories such as:</p> <p>(i) PTRM asset class (e.g., transmission lines and substations); or</p> <p>(ii) category driver (e.g., replacement, augmentation, non-network and connections),</p>	See Chapter 6 of the Revenue Proposal, Attachment M.6 PTRM (unadjusted) and Attachment M.7 PTRM (adjusted).

RIN Clause		Provision	Cross-reference
		and also by location, together with: (iii) details of all amounts, values and other inputs used by Transgrid to compile those depreciation schedules; (iv) a demonstration that those depreciation schedules conform with the requirements set out in clause 6A.6.3(b) of the NER and the EII Regulation; and (v) an explanation of the calculation of the amounts, values and inputs referred to in subparagraph (iii).	
4.2.4	(j)	whether the depreciation schedules contain any proposed modifications in accordance with clause 6A.6.3(d) and the EII Regulation and, if so, the reasons why Transgrid considers that such modifications are reasonably necessary under Regulation 47D(3).	See Chapter 6.5 of our Revenue Proposal.
<b>5.1 Requirement to provide other information under this notice</b>			
5.1.1		<i>Transgrid</i> must prepare and provide the <i>AER</i> with the other information set out in section 5 of this <i>notice</i> .	Transgrid's Revenue Proposal complies with the information requirements specified.
<b>5.2 Information used for the purposes of preparing the revenue proposal</b>			
Consultant reports, material assumptions, etc			
5.2.1		Provide information used for the purposes of preparing the <i>revenue proposal</i> including:	
	(a)	all consultants' reports commissioned and relied upon in whole or in part;	Consultant reports commissioned and relied upon are provided as attachment and include: <ul style="list-style-type: none"> <li>Attachment A.15 GHD Independent Verification and Assessment</li> <li>Attachment A.16 E3 Independent Verification and Assessment</li> <li>Attachment A.17 Insurance Report</li> </ul>
	(b)	all <i>material</i> assumptions relied upon;	See Chapter 4 and 5 of our Revenue Proposal and Attachment A.7 Key Capex and Opex Assumptions Certification.

RIN Clause	Provision	Cross-reference
	(c) a table that references each response to this section 5 and where it is provided in or as part of the <i>revenue proposal</i> ;	See Attachment A.3 Regulatory Information Notice Checklist (i.e. this document).
	(d) a table that references each document provided in or as part of the <i>revenue proposal</i> and its relationship to other documents provided; and	See Attachment A.2 Document Register.
	- each document identified in the table referred to in (d) above must be given a meaningful filename in the form: Transgrid – [Author] – [title] – [date] – [public/confidential], where: <b>Author</b> is the author of the file if not Transgrid for example a consultant or other third party; <b>Title</b> provides a meaningful description of the content of document, with limited reliance on acronyms or cross references, for example “Appendix 1A” is not meaningful, but “Appendix 1A – Cost allocation method” is; <b>Date</b> is a relevant date associated with the file, generally the date the document was created; <b>Public/confidential</b> identifies if the file in its entirety can be published (public); or if it contains any information which is the subject of a claim for confidentiality in accordance with this notice (confidential).	All documents have been labelled in accordance with these requirements.
5.2.2	- For each <i>material</i> assumption identified above provide:	See Chapters 4 and 5 of our Revenue Proposal.
	(a) its source or basis;	The assumptions are summarised in Sections 4.2 and 5.2 of the Revenue Proposal, and, where relevant, explained in further detail in the subsequent sections of Chapters 4 and 5. Where assumptions are directly relevant to the expenditure forecasts, they will be identified as inputs to Attachment M.1 Capex Forecast Model and Attachment M.3 Opex Forecast Model.
	(b) if applicable, its quantum;	
	(c) whether, and how, the assumption has been applied and was taken into account; and	
	(d) the effect or impact of the assumption on the capital and operating expenditure forecasts in the <i>forthcoming regulatory control period</i> taking into account the sensitivity of the forecast expenditure to the assumption.	
5.2.3	- Provide reconciliation of the capital and operating expenditure forecasts provided in the <i>regulatory templates</i> to the proposed capital and operating allowances in the <i>post-tax revenue model</i> for the <i>forthcoming regulatory control period</i> .	See A.4 Regulatory Information Notice Response – with formulas.
<b>Models</b>		



RIN Clause		Provision	Cross-reference
Total revenue and schedule of payment models			
5.2.4	-	Provide the model(s) that have been used to calculate the total revenue and schedule of payments for the <i>CWO Project</i> Note: We expect this would be the post-tax revenue model.	See Attachment M.6 PTRM (unadjusted) and Attachment M.7 PTRM (adjusted).
Other models			
5.2.5	-	Provide the following:	
	- a)	the model(s) <i>Transgrid</i> used to develop its total <i>forecast capex</i>	See Attachments M.1 Capex Forecast Model, and M.2 Labour and Overhead Costs Model
	- b)	the model(s) used to derive and apply materials price changes, including any model(s) developed by a third party	Not applicable as we are not proposing material price changes.
	- c)	the model(s) <i>Transgrid</i> used to develop its total forecast <i>opex</i>	See Attachment M.3 Opex Forecast Model.
	- d)	the model(s) which demonstrate how <i>Transgrid's</i> proposed depreciation schedule satisfies 6A.6.3(d) of <i>EII Chapter 6A</i> and Regulation 47D(3).	See Attachment M.7 PTRM (adjusted).
	- e)	the model(s) used to perform the financeability test, if a financeability adjustment is proposed by Transgrid.	
5.3 Services provided by Transgrid			
5.3.1		Provide:	
	(a)	the name and a brief description of each category of <i>regulated network services</i> provided by <i>Transgrid</i> that is the subject of the <i>revenue proposal</i> ;	See Section 1.3 of our Revenue Proposal.
	(b)	a brief description of the required quality, reliability, and security of supply of each category of <i>regulated network services</i> provided by <i>Transgrid</i> ; and	
	(c)	a brief description of the required <i>reliability</i> , safety and security of the <i>transmission system</i> provided by <i>Transgrid</i> in the supply of <i>regulated network services</i> .	
5.4 Capital expenditure			
General			

RIN Clause	Provision	Cross-reference
5.4.1	Provide justification for <i>Transgrid's</i> total forecast capex, including the following information:	
	(a) why the total <i>forecast capex</i> is required for <i>Transgrid</i> to achieve each of the objectives in clause 6A.6.7(a) of the <i>EII Chapter 6A</i> ;	See: <ul style="list-style-type: none"> <li>• Chapters 3, 4, 5 and 10 of our Revenue Proposal</li> <li>• Attachment A.8 Direct Capex Forecasting Methodology</li> <li>• Attachment A.9 Labour and Indirect Capex Forecasting Methodology</li> <li>• Attachment A.10 Other Construction Costs Forecasting Methodology</li> </ul>
	(b) how <i>Transgrid's</i> total <i>forecast capex</i> reasonably reflects each of the criteria in clause 6A.6.7(c) of the <i>EII Chapter 6A</i> ;	
	(c) how <i>Transgrid's</i> total <i>forecast capex</i> accounts for the factors in clause 6A.6.7(e) of the <i>EII Chapter 6A</i>	
	(d) an explanation of how the plans, policies, <i>procedures</i> and <i>regulatory requirements</i> identified in <i>Workbook 1</i> , <i>regulatory templates 10</i> and <i>11</i> have been used to develop <i>forecast capex</i> .	See: <ul style="list-style-type: none"> <li>• Chapters 2 and 4 of our Revenue Proposal</li> <li>• Attachment A.4 RIN Response, sheets '10. Policies and procedures' and '11. Obligations'.</li> </ul>
5.4.2	Provide the methodology <i>Transgrid</i> used to develop its total <i>forecast capex</i> , including:	
	(a) a description of how Transgrid prepared the forecast capex, including: <ul style="list-style-type: none"> <li>(i) how its preparation differed or related to budgetary, planning and governance processes used in the normal operation of <i>Transgrid's</i> business;</li> <li>(ii) the processes for ensuring amounts are free of error and other quality assurance steps.</li> </ul>	<p>Our forecast has been prepared consistently with the approach taken for budgetary, planning and governance processes used in the normal running of our business. See Chapter 4 of our Revenue Proposal and Attachment A.8 Direct Capex Forecasting Methodology, Attachment A.9 Labour and Indirect Capex Forecasting Methodology and Attachment A.10 Other Construction Costs Forecasting Methodology for further information.</p> <p>Our forecast capex was reviewed extensively by both internal staff and external consultants. Our models include various checks to ensure that capex is appropriately adjusted for inflation and labour cost escalation and allocated to categories</p>

RIN Clause		Provision	Cross-reference
			and RAB asset classes. The models also include checks related to capitalised overheads. These models were internally reviewed for accuracy.
	(b)	any source material used (including documentation or any other items containing quantitative data); and	See: <ul style="list-style-type: none"> <li>Attachment M.1 Capex Forecast Model</li> <li>Attachment M.2 Labour and Overhead Costs Model</li> <li>Attachment M.4 Direct Non-Labour Model</li> <li>Attachment M.6 PTRM (unadjusted)</li> <li>Attachment M.7 PTRM (adjusted).</li> </ul>
	(c)	calculations that demonstrate how information from the source material has been manipulated or transformed to generate information provided in the <i>regulatory templates</i> in <i>Workbook 1</i> .	Refer to RIN output tables in Attachment M.1 Capex Forecast Model and Attachment M.2 Labour and Overhead Costs Model and Attachment M.4 Direct Non-Labour Model.
5.4.3		Identify which items of Transgrid's forecast capex are:	See
	(a)	derived directly from competitive tender processes;	<ul style="list-style-type: none"> <li>Chapter 4 of our Revenue Proposal,</li> <li>Attachment A.8 Direct Capex Forecasting Methodology</li> <li>Attachment A.9 Labour and Indirect Capex Forecasting Methodology</li> <li>Attachment A.10 Other Construction Costs Forecasting Methodology.</li> </ul>
	(b)	based upon competitive tender processes for similar <i>projects</i> ;	
	(c)	based upon estimates obtained from <i>contractors</i> or manufacturers;	
	(d)	based upon independent benchmarks;	
	(e)	based upon actual historical costs for similar <i>projects</i> ; and	
	(f)	reflective of any amounts for risk, uncertainty or other unspecified contingency factors, and if so, how these amounts were calculated and deemed reasonable and prudent.	
5.4.4		Provide all documents which were <i>materially</i> relied upon and relate to the <i>deliverability</i> of <i>forecast capex</i> and explain the proposed <i>deliverability</i>	See Section 4.11 of our Revenue Proposal and Attachment A.13 Deliverability Plan.

RIN Clause	Provision	Cross-reference
Non-network alternatives		
5.4.5	Identify the <i>policies and strategies</i> and <i>procedures</i> in the response to <i>Workbook 1, regulatory template 10</i> which relate to the selection of efficient <i>non-network</i> solutions	Non-network options have not been considered by Transgrid. Under the EII framework, the scope of the project is determined by the Infrastructure Planner and the Consumer Trustee.
5.4.6	Explain the extent to which the provision for efficient <i>non-network</i> alternatives has been considered in the development of the <i>forecast capex</i> and forecast <i>opex</i> proposals.	
5.4.7	Identify each <i>non-network</i> alternative that <i>Transgrid</i> has selected to commence during the <i>forthcoming regulatory control period</i>	
5.5 Forecast input price changes		
5.5.1	Provide:	
	(a) Information supporting or relied upon that explain the change in the price of goods and services purchased by <i>Transgrid</i> , including evidence that any materials price forecasting method explains the price of materials previously purchased by <i>Transgrid</i>	See: <ul style="list-style-type: none"><li>Executive Summary and Chapters 4 and 5 of the Revenue Proposal</li><li>Attachment A.8 Direct Capex Forecasting Methodology</li><li>Attachment A.9 Labour and Indirect Capex Forecasting Methodology</li><li>Attachment A.10 Other Construction Costs Forecasting Methodology</li><li>Attachment A.11 Opex Forecasting Methodology</li></ul>
	(b) Information on the forecasting risks, contractual arrangements and allowances for project contingencies.	See: <ul style="list-style-type: none"><li>Chapters 1, 4 and 9 of the Revenue Proposal</li><li>Attachment A.8 Direct Capex Forecasting Methodology</li><li>Attachment A.10 Other Construction Costs Forecasting Methodology</li><li>Attachment A.22 Project Deed</li></ul>
5.5.2	Provide also an explanation of:	

RIN Clause		Provision	Cross-reference
	(a)	the methodology underlying the calculation of each price change, including: <ul style="list-style-type: none"> <li>(i) sources;</li> <li>(ii) data conversions;</li> <li>(iii) the operation of any model(s) provided under paragraph 5.2.5(b); and</li> <li>(iv) the use of any assumptions such as lags or productivity gains.</li> </ul>	See: <ul style="list-style-type: none"> <li>Chapter 5 of our Revenue Proposal</li> <li>Section 4.6 of Attachment A.11 Opex Forecasting Methodology</li> <li>Attachment M.3 Opex Forecast Model</li> </ul>
	(b)	whether the same price changes have been used in developing both the <i>forecast capex</i> proposal and <i>forecast opex</i> proposal; and	The forecasting methods are substantially different from one another but have been developed on a consistent basis including using common inputs where relevant.
	(c)	if the same price changes have not been used in developing both the <i>forecast capex</i> proposal and <i>forecast opex</i> proposal, why it is appropriate for different expenditure escalators to apply.	See above.
<b>5.6 Operating and maintenance expenditure</b>			
Total forecast operating and maintenance expenditure (opex)			
5.6.1		Provide:	
	(a)	justification for <i>Transgrid's</i> total forecast <i>opex</i> proposal, including: <ul style="list-style-type: none"> <li>(i) why the proposed total forecast <i>opex</i> is required for <i>Transgrid</i> to achieve each of the objectives in clause 6A.6.6(a) of the <i>EII Chapter 6A</i>;</li> <li>(ii) how <i>Transgrid's</i> proposed total forecast <i>opex</i> reasonably reflects each of the criteria in clause 6A.6.6(c) of the <i>EII Chapter 6A</i>; and</li> <li>(iii) how the proposed costs account for any marginal increases in costs;</li> <li>(iv) the list of activities performed by staff for each opex element;</li> <li>(v) how the cost of complying with regulatory requirements has been included;</li> </ul>	See: <ul style="list-style-type: none"> <li>Chapter 5 of our Revenue Proposal</li> <li>Attachment A.11 Opex Forecasting Methodology.</li> </ul>



RIN Clause		Provision	Cross-reference
		(vi) whether there were any economies of scale or reduction in potential costs; and  (vii) how <i>Transgrid's</i> proposed total forecast <i>opex</i> accounts for the factors in clause 6A.6.6(e) of the <i>EII Chapter 6A</i> .	
5.6.2		Provide:	No 'base year' is available, which means that the forecasts are developed on a bottom-up basis. Our forecasts do not include 'non-recurrent' costs as such, although our expenditure is profiled across the forecast period in accordance with the methodology described. Refer to Attachment A.11 Opex Forecasting Methodology for further information.
	(a)	the quantum of non-recurrent costs for each year of the <i>forthcoming regulatory control period</i> ; and	
	(b)	an explanation of each non-recurrent cost.	
5.7 Pre-period costs			
Note: data to be provided in Workbook 1, regulatory templates 4, 5, 6, 9, 12, and 13.			
5.7.1		Provide any costs that <i>Transgrid</i> has incurred, or proposes to incur, during the <i>pre-period</i> for carrying out the <i>CWO Project</i> as set out in the <i>Consumer Trustee's authorisation</i> broken down into:	See Attachment A.4 RIN Response, sheets: <ul style="list-style-type: none"><li>• 4. Expenditure summary</li><li>• 5. Network capital costs</li><li>• 6. Non-network</li><li>• 9. Operating costs</li><li>• 12. D&amp;C capex for MCC</li><li>• 13. Historical expenditure</li></ul> See also Attachment M.7 PTRM (adjusted).
	(a)	Capital costs as incurred	
	(b)	Capital costs as commissioned	
	(b)	Operating and maintenance costs	
5.7.2		Set out the basis upon which <i>Transgrid</i> considers the <i>pre-period</i> costs provided in response to section 5.7.1 of this <i>notice</i> are prudent, reasonable and efficient with reference to the clause 6A.6.7 and clause 6A.6.6 of <i>EII Chapter 6A</i>	See Section 4.4 of the Revenue Proposal and Attachment A.9 Labour and Indirect Capex Forecasting Methodology.
5.7.3		Set out how <i>Transgrid</i> considers its <i>pre-period</i> costs should be treated in calculating the amounts payable to <i>Transgrid</i> for carrying out the <i>CWO Project</i>	See Chapter 6 of our Revenue Proposal.
5.7.4		Indicate whether financing costs have been added to costs incurred in the <i>pre-period</i> in calculating amounts payable to <i>Transgrid</i> and how	See Chapters 6 and 7 of our Revenue Proposal.

RIN Clause		Provision	Cross-reference
		those financing costs have been calculated. Where financing costs are calculated using a rate of return on capital, this should include: <div><div>(a)</div><div>a comparison of the rate of return on capital against the rate of return on capital applying to <i>Transgrid's NER</i> Regulatory Asset Base during the equivalent time period/s, including explanation of any differences;</div><div>(b)</div><div>a comparison of Transgrid's proposed calculation approach against the applicable Rate of Return Instrument, including explanation of any differences in methodology;</div><div>(c)</div><div>where relevant, the risk-free rate averaging period used for the pre-period; and</div><div>(d)</div><div>where relevant, the return on debt averaging period/s used for year/s within the pre-period.</div></div>	The rate of return we have adopted aligns with the rate of return from our 2023-28 Revenue Determination, adjusted for annual cost of debt updates.
5.7.5		Provide the basis upon which pre-period costs have been derived including data sources, assumptions and methodologies.	See Attachment A.9 Labour and Indirect Capex Forecasting Methodology.
5.7.6		Data for the 2021–22, 2022–23, 2023–24 and 2024–25 financial years which is provided in <i>Workbook 1</i> , is to be audited in accordance with the requirements set out in section 6.3 of this <i>notice</i> . <u>Note: We will seek audited data for the 2025-26 financial year at the time of the next revenue determination.</u>	See Attachment A.21 Audit Report.
5.7.7		Provide justification that the pre-period capex and opex is:	
	(a)	consistent with the Consumer Trustee's authorisation;	See Attachment A.9 Labour and Indirect Capex Forecasting Methodology.
	(b)	related to the carrying out of the CWO Project; and	
	(c)	prudent, efficient, and reasonable.	
5.8 Total revenue cap and maximum allowed revenue			
5.8.1		Provide Transgrid's calculation of the:	
	(a)	estimated total revenue cap for the <i>forthcoming regulatory control period</i> ; and	See Chapter 11 of our Revenue Proposal, Attachment M.6 PTRM (unadjusted) and Attachment M.7 PTRM (adjusted).

RIN Clause		Provision	Cross-reference
	(b)	maximum allowed revenue for each year of the <i>forthcoming regulatory control period</i> using the <i>AER's post-tax revenue model</i> , which is to be submitted as part of <i>Transgrid's revenue proposal</i>	See Attachment M.6 PTRM (unadjusted) and Attachment M.7 PTRM (adjusted).
5.8.2		Provide details of any departure from the <i>AER's post-tax revenue model</i> for the calculations referred to above and the reasons for that departure.	<p>We have adopted the AER's non contestable NSW EII sample PTRM template (linked <a href="#">here</a>) published in November 2024. There are no departures relating to calculations and outputs of the PTRM. Our changes are restricted to additional inputs presented in the 'Supporting Information' as follows:</p> <ol style="list-style-type: none"> <li>1. Inserted three columns to the EII template to allow inputs covering the 2021-26 period</li> <li>2. Added additional assumptions below row 71 where the AER left space for 'Other supporting information'. These changes include: <ol style="list-style-type: none"> <li>a. Inserting real vanilla WACC and actual and estimated inflation inputs to allow the nominal vanilla WACC to be updated;</li> <li>b. Splitting out the total actual and estimated capex in pre-period costs and Infrastructure Planner costs, each by asset class; and</li> <li>c. Presenting the H1 FY21 capex by asset class to demonstrate the split of the \$41.49m Infrastructure Planner cost.</li> </ol> </li> </ol>
<b>5.9 Financeability and concessional finance</b>			
5.9.1		If making a financeability request under clause 6A.6.3A(b) of the EII Chapter 6A, provide:	See Section 6.5 of our Revenue Proposal.
	(a)	information regarding the proposed adjustments to the depreciation of the asset (or group of assets) referred to in clause 6A.6.3A(c)(1) of the EII Chapter 6A.	

RIN Clause		Provision	Cross-reference
	(b)	if applicable, the information required for any relevant concessional finance agreements referred to in clauses 6A.6.3A(c)(2) and 6A.6.3A(f) of the EII Chapter 6A.	
	(c)	any information required under the financeability guidelines referred to in clause 6A.6.3A(c)(3) of the EII Chapter 6A, including any additional material supporting the modelling assumptions.	
5.10 Rate of return			
5.10.1		For the purposes of assessing <i>Transgrid's</i> proposal we require it to provide 'placeholder' averaging periods which will be made public and have been used to calculate an indicative rate of return in <i>Transgrid's revenue proposal</i> .	See Section 7.2 of our Revenue Proposal
5.11 Depreciation schedules			
5.11		Provide the asset classes and the standard asset lives for each asset class in the post-tax revenue model for depreciating the regulatory asset base in the forthcoming regulatory control period. Explain the reason(s) for using these asset classes and provide supporting information on their proposed standard asset lives.	See Section 6.4.1 of our Revenue Proposal, Attachment M.6 PTRM (unadjusted) and Attachment M.7 PTRM (adjusted).
5.12 Corporate tax allowance			
5.12.1		Provide the standard tax asset lives for each of the asset classes. Explain the reason(s) for the proposing each standard tax life and provide relevant supporting information, including Federal tax laws governing depreciation for tax purposes.	See Section 8.4 of our Revenue Proposal
5.12.2		Identify each difference in the capitalisation of expenditure for regulatory accounting purposes and tax accounting purposes. Provide reasons and supporting calculations to reconcile any differences between the two forms of accounts.	There are no differences in the capitalisation of expenditure for regulatory accounting purposes and tax accounting purposes for this project.
5.12.3		Please provide the following information regarding immediate expensing capex:	Refer to Chapter 8 of our Revenue Proposal.
	(a)	Explain the approach Transgrid used to forecast its immediate expensing capital expenditure for the regulatory control period	

RIN Clause		Provision	Cross-reference
		commencing (1 July 2026) as provided in the proposed post-tax revenue model.	Our forecast for immediately expensed capex is nil which is in line with our 2023-28 NER Revenue Determination.
	(b)	State if Transgrid intends to change its tax policy on immediate expensing capital expenditure from its current policy.	
5.12.4		Where the post-tax revenue model applies the diminishing value (DV) method for tax depreciation purposes to all new depreciable assets, and Transgrid proposes capex associated with buildings and in-house software to be exempted from the DV method of tax depreciation, confirm that the proposal satisfies the following requirements:	No forecast capex meets the asset class definitions for building (capital works) or in-house software.
	(a)	Buildings (capital works): Capex for buildings may be depreciated using the straight line (SL) method if it satisfies the definition of a capital work under section 43.20 of the Income Tax Assessment Act 1997 (ITAA).	
	(b)	In-house software: Capex for in-house software may be depreciated using the SL method if it satisfies the definition of in-house software under section 995.1 of the ITAA, and may be depreciated using the SL method, consistent with section 40.72 of the ITAA.	
5.13 Incentive Schemes			
5.13.1		If Transgrid proposes not to apply the efficiency benefit sharing scheme and/or the capital expenditure sharing scheme; or proposes to vary or depart from the application of any component or parameter of either or both of these schemes, provide:	See Executive Summary and Chapters 3, 4 and 10 of the Revenue Proposal.
	(a)	the reasons for the proposal not to apply, or for the variation or departure, including why it is appropriate;	
	(b)	stakeholder's views on the application of the schemes including how Transgrid has addressed these views in its proposal;	
	(c)	information on what alternative incentive schemes Transgrid is proposing and why it considers the alternative more appropriate, including how it aligns with the objectives of the relevant scheme; and	
	(d)	information on any steps Transgrid has taken to minimise cost variation risk.	
5.14 Related party transactions			



RIN Clause		Provision	Cross-reference
5.14.1		Identify and describe all other entities which:	Not applicable.
	(a)	are a <i>related party</i> to <i>Transgrid</i> and contribute to the provision of <i>regulated network services</i> ; or	
	(b)	have the capacity to determine the outcome of decisions about <i>Transgrid's</i> financial and operating policies.	
5.14.2		Provide a diagram of the organisational structure depicting the relationships between all the entities identified in the response to this section 5.13	
5.14.3		Identify:	
	(a)	all arrangements or <i>contracts</i> between <i>Transgrid</i> and any of the other entities identified in the response to this section 5.13 currently in place or expected to be in place during the <i>pre-period</i> and <i>forthcoming regulatory control period</i> which relate directly or indirectly to the provision of <i>regulated network services</i> ; and	
	(b)	the service or services that are the subject of each arrangement or <i>contract</i> .	
5.14.4		For each service identified as the subject of each arrangement or <i>contract</i> :	
	(a)	provide: <ul style="list-style-type: none"> <li>(i) a description of the process used to procure the service; and</li> <li>(ii) supporting documentation including, but not limited to, requests for tender, tender submissions, internal committee papers evaluating the tenders, <i>contracts</i> between <i>Transgrid</i> and the relevant provider;</li> </ul>	
	(b)	explain: <ul style="list-style-type: none"> <li>(i) why that service is the subject of an arrangement or <i>contract</i> (i.e. why it is outsourced) instead of being undertaken by <i>Transgrid</i> itself;</li> </ul>	

RIN Clause	Provision	Cross-reference
	<p>(ii) whether the services procured were provided under a standalone <i>contract</i> or provided as part of a broader operational agreement (or similar);</p> <p>(iii) whether the services were procured on a genuinely competitive basis and if not, why; and</p> <p>(iv) whether the service (or any component thereof) was further outsourced to another provider by the <i>related party</i>.</p>	
<b>5.15 Breakdown of cost components</b>		
5.15.1	<p>Note: data to be provided in Workbook 1, regulatory templates, worksheets '4. – Expenditure summary' and '9. Operating costs'</p> <p>Provide a breakdown of operating and capital expenditure for the pre-period and the forthcoming regulatory control period into the following cost components:</p>	<p>Refer to Attachment A.4 RIN Response, sheets '4. Expenditure Summary' - Table 4.3 and '9. Operating costs' - Table 9.3</p>
	(a) Transmission lines and towers, separated by new infrastructure and augmentation of existing infrastructure	
	(b) Switching station / Substation works	
	(c) Ancillary plant, equipment or other assets that will be connected to or used by the Network Operator	
	(d) Other	
5.15.2	<p>Identify and describe the costs that fall within the 'other' cost component and provide an explanation as to why these costs do not fall within the cost components described in section 5.15.1.</p>	<p>Refer to Attachment A.4 RIN Response, sheets '4. Expenditure Summary' - Table 4.3 and '9. Operating costs' - Table 9.3</p> <p>Capital costs reported as Other in Attachment A.4 RIN Response, sheet '4. Expenditure Summary' - Table 4.3 include Biodiversity Offsets, Other network and non network costs as these costs do not align to any other cost category.</p>

RIN Clause		Provision	Cross-reference
			Operating costs reported as Other in Attachment A.4 RIN Response, sheet '9. Operating costs' - Table 9.3 are all cost categories other than Transmission line and substation maintenance costs. Only Transmission line and substation maintenance costs can be easily attributable to the other RIN cost components in this table.
<b>5.16 Stakeholder engagement</b>			
5.16.1		Provide:	
	(a)	Information on how <i>Transgrid</i> conducted its pre-lodgement engagement	See Chapter 3 of our Revenue Proposal.
	(b)	an explanation of how Transgrid incorporated feedback received during pre-lodgement engagement from consumer stakeholders, the AER, and other stakeholders into its revenue proposal.	
	(c)	Reasons for any instances where <i>Transgrid's revenue proposal</i> does not align with stakeholder feedback received during pre-lodgement engagement.	