

February 2024 storm tower collapse cost pass through

AusNet Services (Transmission)

September 2025

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Summary of our assessment

Under the National Electricity Rules (NER), during a regulatory control period AusNet Services (electricity transmission) (AusNet Services) can apply to pass through to its customers, in the form of higher or lower network charges, costs it incurs as a result of predefined exogenous events. These events are called cost pass through events and can include a natural disaster event.

On 20 June 2024, AusNet Services submitted a cost pass through application seeking to recover the costs it expected to incur in relation to its transmission network as a result of the 13 February 2024 storm in Victoria.¹ This weather event caused six transmission towers to collapse on the Moorabool to Sydenham 500kV transmission lines near Anakie, southwest of Melbourne, impacting the operation of the National Electricity Market (NEM).²

AusNet Services subsequently provided an updated application in response to our request for it to base its cost pass through application on actual costs incurred to rebuild the six transmission towers on the Moorabool to Sydenham 500kV transmission lines. AusNet Services submitted that it incurred an incremental increase in costs of \$27.3 million (\$2022). This amount was largely driven by incremental costs in labour (internal and contracted) and materials for:

- emergency response and temporary restoration to clear the site and restore the line using the Emergency Restoration System (ERS) (\$6.2 million), and
- permanent restoration of the line for the design and construction of new permanent towers to replace the ERS (\$21.1 million).

AusNet Services sought to pass through revenue of \$2.3 million (\$2022, smoothed), which it proposed to recover over the remaining two regulatory years of the 2022–27 regulatory period, which consists of \$1.2 million in 2025–26 and \$1.1 million in 2026–27.³

If the AER determines that a positive change event has occurred in respect of a cost pass through application, the AER is required to determine:

- the approved pass through amount, and
- how much of that amount should be passed through to transmission network users in the regulatory year, and each regulatory year after that in which the positive change event occurred,

taking into account the matters referred to in clause 6A.7.3(j) of the NER.⁴

¹ AusNet Services initial cost pass through application was based on estimated costs.

² The 13 February 2024 storm also impacted around 25% of AusNet Services' distribution network. We approved a cost pass through application related to this matter on 3 December 2024. Please see: [AER Determination - AusNet Services - February 2024 Storm Event - Distribution Cost Pass Through - November 2024](#)

³ Final cost and revenue numbers are reflected in AusNet Services' updated cost build up model: *Response to IR1 - Feb-2024 Storm Transmission Towers Pass-through - 31 March 2025 - CONFIDENTIAL.xlsx*

⁴ NER cl 6A.7.3(d).

We published AusNet Services' application on our website on 17 February 2025 and invited stakeholder submissions. We did not receive any submissions.

We also sought advice from Energy Safe Victoria (ESV) as to the outcome of its investigation into the causes of the transmission tower collapse event. The ESV published its findings on 9 July 2025, concluding that AusNet Services had acted in accordance with its electricity safety management scheme, and that the transmission towers were properly maintained, inspected regularly, and free from evidence of corrosion or structural faults before the failure.⁵

We are satisfied that the 13 February 2024 storm event meets the definition of a natural disaster pass through event as set out in AusNet Services' 2022–27 revenue determination. We are also satisfied that the materiality threshold to constitute a positive change event has been met.

Based on our consideration of the factors set out in clause 6A.7.3(j) of the NER, we allow the pass through of costs proposed by AusNet Services (as amended in its response to our information request on 3 February 2025 and further follow ups on 25 and 31 March 2025).⁶ However, we have excluded a portion of identified labour costs that we are not satisfied are incremental and solely incurred as a result of the event. This amendment reduced the revised proposed pass through capex and opex by \$1.2 million, from \$27.3 million to \$26.1 million (\$2022). This is discussed in section 4.4.

We determine under clause 6A.7.3(d) of the NER an approved pass through amount of \$2.2 million (\$2022, smoothed) or \$2.5 million (\$nominal, smoothed), to be passed through to transmission network users in the 2026–27 regulatory year. This approved pass through amount is lower than AusNet Services' proposed amount due to the exclusion of certain labour costs as noted above.

The impact of the cost pass through on an average residential annual bill in 2026–27 is less than \$1.

Our review took into account the findings of investigations relating to the impact of the 13 February 2024 storm event on AusNet Services' transmission network.⁷ These are further highlighted in section 4.

⁵ Energy Safe Victoria website: <https://www.energysafe.vic.gov.au/media-centre/news/detailed-energy-safe-investigation-anakie-transmission-tower-collapse-concludes>

⁶ AusNet Services has also amended the nominal to real dollar conversion factors to reflect the correct values in its updated cost build up model as submitted on 31 March 2025.

⁷ Energy Safe Victoria, [Detailed Energy Safe investigation into Anakie transmission tower collapse concludes](#), 9 July 2025 ; AEMO, *Trip of Moorabool – Sydenham 500 kV No. 1 and No. 2 lines on 13 February 2024*, July 2025, pp. 20-21; [February 2024 Storm and Power Outage Event Independent Review of Transmission and Distribution Businesses Operational Response Final Report](#); [Victorian Government Response to the Network Outage Review, December 2024](#).

1 Introduction

On 20 June 2024, we received a cost pass through application from AusNet Services for additional expenditure related to restoring transmission services and replacing six transmission towers that collapsed as a result of the 13 February 2024 storm in Victoria.

AusNet Services initially proposed to recover \$2.7 million (\$2022, smoothed) from electricity transmission network users.⁸ However, in response to our request for additional information, AusNet Services revised this amount to \$2.3 million (\$2022, smoothed) on 31 March 2025.⁹ For simplicity, reference to “AusNet Services’ cost pass through application” in this determination refers to the revised costs and revenues to be recovered submitted by AusNet Services in response to our request for additional information on 31 March 2025.

This section sets out the AER’s role in assessing cost pass through applications from electricity transmission network service providers (TNSPs), as well as information on AusNet Services’ application.

1.1 Who we are and our role in this process

We, the AER, exist to ensure all Australian energy consumers are better off, now and in the future. Consumers are at the heart of our work, and we focus on ensuring a secure, reliable and affordable energy future for Australia. We are the economic regulator for electricity distribution and transmission services in the National Electricity Market (NEM). Our electricity-related powers and functions are set out in the National Electricity Law (NEL) and NER.

The AER regulates AusNet Services’ revenues through five-year transmission revenue determinations. AusNet Services’ current revenue determination for the 2022–27 regulatory control period runs from 1 April 2022 to 31 March 2027.

We are responsible for assessing cost pass through applications.¹⁰ Under the NER, a transmission business may apply to us seeking the recovery of additional costs incurred during a regulatory control period, if predefined events occur as specified in either the NER or in its respective revenue determination.¹¹

⁸ Amount reflected in AusNet Services costs build up model dated 20 June 2024. This reflected the estimated cost of replacing the collapsed towers. However, we requested the cost pass application be based on the actual costs of replacing these towers, which AusNet Services submitted on 13 December 2024. AusNet Services further updated these actual costs in response to our requests for additional information. On 31 March 2025, AusNet Services submitted its latest costs update, on which we have based in this determination.

⁹ This is reflected in the cost build up model submitted by AusNet Services on 31 March 2025.

¹⁰ NER, cl. 6A.7.3.

¹¹ NER, cl. 6A.7.3(a).

1.2 AusNet Services' application

On 20 June 2024, AusNet Services submitted a cost pass through application seeking to recover the costs it has incurred as a result of the 13 February 2024 storm in Victoria.¹²

AusNet Services submitted that on 13 February 2024, Victoria experienced a severe storm and damaging winds which resulted in the collapse of six towers on the Moorabool to Sydenham 500kV transmission lines near Anakie, south west of Melbourne. This resulted in loss of the Moorabool to Sydenham (MLTS-SYTS) 500kV No 1 and No 2 lines, which impacted the operation of the NEM. These two circuits are crucial to the operation of the NEM as these form part of the network which supplies the stations going to the south-west of Victoria, which connects the NEM to South Australia.¹³

AusNet Services initially stated it expected to incur \$33.2 million (\$2022) in incremental costs as a result of the February 2024 storm. However, we requested AusNet Services base its cost pass through application on the actual costs of replacing the collapsed towers. On 13 December 2024, AusNet Services submitted that it had incurred \$26.8 million (\$2022) in replacing the collapsed towers. It subsequently revised this amount to \$27.3 million in response to our request for additional information – AusNet Services corrected some errors, including its proposed escalation factor.¹⁴ The revised incremental costs are apportioned as:

- emergency response and temporary restoration to clear the site and restore the line using the Emergency Restoration System (ERS) (\$6.2 million), and
- permanent restoration of the line for the design and construction of new permanent towers to replace the ERS (\$21.1 million).¹⁵

Table 1 shows a breakdown of the additional costs incurred by AusNet Services as a result of the February 2024 storm.

Table 1: AusNet Services – costs related to the 13 February 2024 storm (\$2022, million)

\$million, (\$2022)	2022–23	2023–24	2024–25	2025–26	2026–27	Total
Capex (towers and conductor)	-	6.2	21.1	-	-	27.3
Opex	-	-	0.0	-	-	0.0
Total expenditure	-	6.2	21.1	-	-	27.3

Source: AusNet Services, *AusNet Tx PTRM (including Feb 2024 CPT) - 2025-26 RoD update*, 31 March 2025.

Note: '0.0' and '-0.0' represent small non-zero amounts, and '-' represents a zero amount.

¹² AusNet Services, *February 2024 Storm Tower Collapse Cost pass through application*, 3 February 2025.

¹³ AusNet Services, *February 2024 Storm Tower Collapse Cost pass through application*, 3 February 2025, p. 6.

¹⁴ AusNet Services submitted a revised cost build up model dated 31 March 2025.

¹⁵ AusNet Services, *February 2024 Storm Tower Collapse Cost pass through application*, 3 February 2025, p. 3.

AusNet Services submitted the revenue impact of the revised incremental costs incurred as a result of the event is \$2.3 million (\$2022, smoothed). It proposed to recover \$1.2 million in 2025–26 and \$1.1 million in 2026–27.¹⁶

1.3 Structure of determination

This document sets out our assessment and determination on whether a cost pass through event has occurred, the pass through amount, the time period for the recovery of the pass through amount, and our reasons for the determination.

The decision is structured as follows.

- Section 2 sets out our determination on AusNet Services' cost pass through application.
- Section 3 outlines the relevant regulatory requirements and our assessment approach. It also sets out our assessment of AusNet Services' cost pass through application against the NER requirements, including whether the materiality threshold is met.
- Section 4 sets out our reasons for the determination, including our assessment of the proposed positive pass through amount.

¹⁶ AusNet Services, *AusNet Tx PTRM (including Feb 2024 CPT) - 2025-26 RoD update*, 31 March 2025.

2 Determination

Based on our consideration of all the matters set out in this determination, we consider that AusNet Services' application, as submitted on 20 June 2024, establishes that a pass through event occurred in respect of the 13 February 2024 storm, being a natural disaster pass through event as specified in AusNet Services' 2022–27 revenue determination.

Our assessment against the requirements of a positive change event is summarised in section 3 (Table 3). We are satisfied that the 13 February 2024 storm constitutes a positive change event as defined under the NER. In particular, we are satisfied that AusNet Services incurred a material increase in the costs of providing prescribed transmission services in the 2023–24 and 2024–25 regulatory years as a result of this pass through event.

Our determination is to approve a positive pass through amount of \$2.5 million (\$nominal, smoothed), to be recovered over the 2026–27 regulatory year, which is the final year of the 2022–27 regulatory control period.

We consider allowing the positive pass through amount to be recovered in 2026–27 is reasonable as it is the only remaining regulatory year for the 2022–27 period at the time of this decision. AusNet Services proposed a recovery over two regulatory years as there was sufficient time to implement this recovery approach when the cost pass through application was initially submitted in June 2024. However, we paused our assessment process to allow time for:

- AusNet Services to submit actual rather than forecast costs for the transmission tower rebuild project (submitted in December 2024); and
- Energy Safe Victoria to complete its investigation into the transmission tower collapse event (completed 9 July 2025).

Due to these extensions in the timeframe for our determination, the cost of this pass through will necessarily be recovered in 2026–27 as the pricing year for 2025–26 has already passed. We note that the impact of the approved cost pass through on an average residential annual bill is less than \$1.

Sections 3 and 4 set out our assessment of AusNet Services' cost pass through application and the positive pass through amount.

3 Relevant regulatory requirements and assessment approach

The pass through mechanism recognises that an efficient revenue allowance cannot account for certain types of matters that are uncertain and outside the control of the business and which cannot be prevented or mitigated by prudent operational risk management. A cost pass through enables a network service provider to recover (or pass through) the costs of defined unpredictable, high-cost events that are not factored into our five-year revenue determination for the business.

Clause 6A.7.3(a1) of the NER defines a pass through event as one of the following prescribed pass through events for all TNSPs:

- 1) a regulatory change event
- 2) a service standard event
- 3) a tax change event
- (4) an insurance event
- (5) any other event specified in a distribution determination as a pass through event for the determination (nominated pass through event)

The first step in our assessment is to determine whether a pass through event has occurred and examine timing matters, e.g. whether an application is submitted within the timeframe set out in the NER. Once we have determined that a pass through event has occurred, we determine whether it is a positive (or negative) change event.

The NER defines a positive change event for a TNSP as:

“a pass through event which entails the Transmission Network Service Provider incurring materially higher costs in providing prescribed transmission services than it would have incurred but for that event...”¹⁷

We undertake this assessment with reference to the NER and the revenue determination applicable to AusNet Services when the 13 February 2024 storm occurred, which is AusNet Services’ transmission determination for the 2022–27 regulatory control period.¹⁸

As part of this process, we examine whether AusNet Services’ application has addressed matters specified in clause 6A.7.3(c) of the NER (see Table 2 and Table 3). We also determine the materiality of the proposed pass through amount.

Clause 6A.7.3(d) of the NER provides that if the AER determines that a positive change event has occurred, the AER must determine the approved pass through amount, and the amount that should be passed through to transmission network users in the regulatory year, and each regulatory year after that, in which the positive change event occurred, taking into account the factors referred to in clause 6A.7.3(j) of the NER.

¹⁷ NER, chapter 10.

¹⁸ See: <https://www.aer.gov.au/industry/registers/determinations/ausnet-services-determination-2022-27>

3.1 Timing

To seek approval to pass through a positive pass through amount, clause 6A.7.3 (c) of the NER requires a TNSP to submit to the AER a written statement specifying a range of details relating to the event within 90 business days of the relevant positive change event occurring.

The NER requires us to make a determination within the timeframe specified in clause 6A.7.3(e). That is, within 40 business days from the later of the date the AER received AusNet Services' cost pass through application and the date it received any additional information required by it through a notice issued under clause 6A.7.3(e1) of the NER.

We extended the time of our review in accordance with clause 6A.7.3 (e1) of the NER. We requested additional information from AusNet Services, which was provided by AusNet Services on 3 December 2024. We further extended the time of our review to allow Energy Safe Victoria to conclude its investigation into the Anakie transmission tower collapse, so we could consider its findings in making our determination.¹⁹ We have made this determination within 40 business days from this date.²⁰

3.2 NER requirements

For a cost pass through to be determined, there must be a positive change event that results in an eligible pass through amount. AusNet Services can then submit a pass through application, that must address certain matters specified in the NER.²¹ We make a determination on AusNet Services' cost pass through application, and determine the approved pass through amount and the regulatory year(s) in which that pass through amount is to be recovered.²² For the reasons set out in Table 2 below, we are satisfied that a positive change event has occurred, and that AusNet Services' application relating to the February 2024 storm specifies the necessary matters required by the NER.

Table 2: Requirements for determining a positive change event has occurred

Requirement of the NER	Our consideration
Is the pass through event a regulatory change event, service standard event, tax change event, or insurance event? ²³	No.
Is the pass through event a contingent project or a trigger event associated with a contingent project? ²⁴	No.

¹⁹ <https://www.energysafe.vic.gov.au/media-centre/news/detailed-energy-safe-investigation-anakie-transmission-tower-collapse-concludes>

²⁰ While we requested a second round of additional information from AusNet Services, this process did not affect the time of our review because AusNet Services responded prior to the conclusion of Energy Safe Victoria's investigation.

²¹ NER, cl. 6A.7.3(c).

²² NER, cl. 6A.7.3(d).

²³ NER, cll. 6A.7.3(a1)(1) through 6A.7.3(e) (a1)(7); and chapter 10.

²⁴ See the definition of "positive change event" in chapter 10 of the NER.

Requirement of the NER	Our consideration
Does the pass through relate to any other event specified in AusNet Services' 2022–27 transmission determination as a pass through event for that determination? ²⁵	Yes. We consider that the February 2024 storm event satisfies the natural disaster pass through event specified in AusNet Services' determination, which is defined as including cyclone, fire, flood, or other event, provided the event was not a consequence of the acts or omissions of the service provider. ²⁶
Was the pass through event a consequence of acts or omissions of AusNet Services? ²⁷	No, there is no evidence that AusNet Services' acts or omissions caused the February 2024 storm. We consider the findings of Energy Safe Victoria's investigation into the event supports this view. We discuss this further in section 4.
Did the February 2024 storm pass through event entail AusNet Services incurring materially higher costs in providing prescribed transmission services than it would have incurred but for the event? ²⁸	Yes. As discussed in section 4.2, we consider the additional costs incurred by AusNet Services in providing prescribed transmission services as a result of the February 2024 storm meet the materiality threshold. AusNet Services' annual maximum allowed revenue (smoothed) for the 2023–24 and 2024–25 regulatory years during which the storm occurred was \$573.7 million and \$579.6 million (\$ nominal), 1% of which is \$5.7 million and \$5.8 million respectively. We consider that an efficient amount of opex and capex incurred as a result of the February 2024 storm in those years exceeds this amount, and therefore the increase in costs incurred in providing prescribed transmission services as a result of the event exceeds the materiality threshold.
What is the date on which the positive change event occurred?	For the purpose of complying with 6A.7.3(c), AusNet Services submitted that the storm occurred on 13 February 2024. ²⁹ We accept this identified date, noting the Victorian and Federal Governments recognised a period including this date in providing assistance packages to affected individuals and communities. ³⁰

²⁵ NER, cl. 6A.7.3(a1)(5)

²⁶ AER, *Final decision - AusNet Services transmission 2022–27 - Attachment 13 - Pass through events*, 28 January 2022, pp. 4-5.

²⁷ AER, *Final decision - AusNet Services transmission 2022–27 - Attachment 13 - Pass through events*, 28 January 2022, pp. 4-5.

²⁸ That is, does it meet the definition of a "positive change event" as defined in chapter 10 of the Rules.

²⁹ AusNet Services, *2024 February Storm cost pass through – Application*, February 2025, p. 6.

³⁰ <https://www.disasterassist.gov.au/Pages/disasters/victoria/victorian-storms-25-august-2024.aspx>, viewed 20 February 2025.

Requirement of the NER	Our consideration
Did AusNet Services submit a written statement of its pass through application within 90 business days of the positive change event occurring? ³¹	Yes. As discussed in section 4.3, AusNet Services submitted its written statement on 20 June 2024. We consider that AusNet Services submitted its written statement within the allowed timeframe.
Did AusNet Services specify details of the positive change event, including the date on which the event occurred, in its written statement? ³²	Yes. AusNet Services' written statement is available on our website. ³³
Did AusNet Services specify in its written statement the eligible pass through amount, the proposed positive pass through amount, and the amounts proposed to be recovered from customers in each regulatory year? ³⁴	<p>Yes. AusNet Services initially proposed a positive pass through amount of \$3.0 million (\$nominal, unsmoothed) or \$3.0 million (\$nominal, smoothed) to be recovered from consumers in the final two years of the 2022–27 regulatory period (2025–26 and 2026–27). It subsequently revised this amount in response to our request for additional information. AusNet Services' then proposed a revised positive pass through amount of \$2.5 million (\$nominal, unsmoothed) or \$2.6 million (\$nominal, smoothed).</p> <p>Following the adjustments discussed in section 4.4, we determine an approved pass through amount of \$2.4 million (\$nominal, unsmoothed) or \$2.5 million (\$nominal, smoothed) to be recovered in 2026–27.</p>
Did AusNet Services specify in its written statement evidence of the actual and likely increase in costs that occurred solely as a consequence of the positive change event? ³⁵	Yes. AusNet Services' pass through application (that is, its written statement) set out the costs it incurred as a result of the February 2024 storm, as well as how it calculated its proposed pass through amount.
Was there a regulatory information instrument applicable to the pass through application? ³⁶	No.
Is the pass through amount, in whole or in part, in respect of expenditure for a restricted asset? ³⁷	No.

³¹ NER, cl. 6A.7.3(c).

³² NER, cl. 6A.7.3 (c)(1) and 6A.7.3(c)(2).

³³ <https://www.aer.gov.au/documents/ausnet-services-february-2024-storm-cost-pass-through-application-february-2025>

³⁴ NER, cl. 6A.7.3(c)(3), 6A.7.3(c)(4), and 6A.7.3(c)(5).

³⁵ NER, cl. 6A.7.3 (c)(6).

³⁶ NER, cl. 6A.7.3(c)(7).

³⁷ NER, cl. 6A.7.3(c1) and (d2).

In making our determination on AusNet Services' proposed pass through amount, we must take into account certain matters specified in the NER (see Table 3). After having regard to all the matters in Table 3 below and throughout this decision, we make the determination set out in section 2 above.

Table 3: Factors that the AER is to consider under the NER when determining a positive pass through amount

Relevant factors under cl. 6A.7.3 (j)	AER consideration
In making the pass through determination we must take into account the matters and proposals set out in AusNet Services' written statement. ³⁸	This decision sets out how we have taken into account the matters and proposals set out in AusNet Services' pass through application (written statement).
We must take into account the incremental increase in costs in providing transmission prescribed services resulting from the pass through event. ³⁹	In section 4.5 below we set out our assessment of the costs incurred by AusNet Services due to the February 2024 storm. We have considered the costs that AusNet Services incurred as a result of the event. The proposed pass through amount included cost items which we consider were not incremental as a result of the February 2024 storm. We have excluded them from our determination because in our view, these costs are part of AusNet Services' business-as-usual activities.
We must take into account the efficiency of AusNet Services' decisions and actions in relation to the risk of the event. ⁴⁰	<p>In making this determination, we must take into account the efficiency of AusNet Services' decisions and actions in relation to the risk of the positive change event, including whether AusNet Services has failed to take any action that could reasonably be taken to reduce the magnitude of the eligible pass through amount, or omitted to take any action where doing so has increased the magnitude of the amount.</p> <p>Based on our review of the information available, we did not find evidence suggesting that AusNet Services' decisions and actions in relation to the risk of the positive change events were inefficient.</p> <p>In our view, the evidence is clear that the towers collapsed due to an extreme weather event that imposed stresses on the towers in excess of their design limits. There is no evidence that AusNet Services did or failed to do anything that contributed to the event's occurrence. Specifically, the information available demonstrates that AusNet Services had inspected and maintained the towers in accordance with good industry practice. This is most strongly evidenced by the investigation carried out by Energy Safe Victoria that found the towers were "properly maintained, inspected regularly, and free from evidence of corrosion or structural faults before the</p>

³⁸ NER, cl. 6A.7.3(j)(1).

³⁹ NER, cl. 6A.7.3(j)(2).

⁴⁰ NER, cl. 6A.7.3(j)(3).

Relevant factors under cl. 6A.7.3 (j)	AER consideration
	<p>failure.”⁴¹ Energy Safe Victoria concluded that the collapse occurred during an extreme storm event, and the location and form of damage on the structural sections were consistent with a sudden overload failure of the bolted tower structure. Chemical analysis and metallurgic examination did not identify any concerns.⁴²</p> <p>Therefore, we do not consider that AusNet Services’ actions increased the magnitude of the pass through amount.</p>
We must take into account the time cost of money. ⁴³	<p>In making this determination, we must take into account the time cost of money based on the allowed rate of return for AusNet Services for the years in which the pass through amount is to be recovered.</p> <p>To account for the recovery of the pass through amount over one year, 2026–27, we have used the nominal weighted average cost of capital, as determined in AusNet Services’ 2022–27 transmission determination, incorporating the annual update on return on debt for 2025–26, as well as a forecast inflation of 2.45 per cent to calculate the approved pass through amount in nominal terms.</p>
We must take into account the need to ensure that the pass through amount reflects only costs incurred solely as a consequence of the event. ⁴⁴	<p>We examined the costs proposed by AusNet Services in its initial application and issued two requests for additional information. In response, AusNet identified costs which were not incurred as a result of the event, and removed those costs. Our review of the updated costs information identified additional cost items that in our view are unlikely to be incremental; that is we do not consider them to reflect only costs incurred solely as a result of the February 2024 storm event. We have excluded them from our pass through amounts.</p>
The AER will have regard to whether AusNet Services has insurance against the event, and whether it is the level of insurance that an efficient and prudent network operator would obtain? ⁴⁵	<p>AusNet Services submitted that none of the costs in this application is related to insured structures. AusNet Services submitted that it did not hold insurance for transmission lines of its network, and holding insurance coverage for such assets is not an efficient approach to managing the risk of damage to or loss of these assets. It explained that obtaining this insurance product is difficult and expensive as few insurers are willing to provide this high-risk product.⁴⁶</p> <p>We note that this approach to managing this risk is generally consistent with comparable peer NEM networks. As such, we are satisfied that it was prudent and efficient for AusNet Services to not hold insurance cover for its transmission line assets.</p>

⁴¹ Energy Safe Victoria, [Detailed Energy Safe investigation into Anakie transmission tower collapse concludes](#), 9 July 2025.

⁴² Energy Safe Victoria, [Detailed Energy Safe investigation into Anakie transmission tower collapse concludes](#), 9 July 2025.

⁴³ NER, cl. 6A.7.3(j)(4).

⁴⁴ NER, cl. 6A.7.3(j)(5).

⁴⁵ AER, AER, *Final decision - AusNet Services transmission 2022–27 - Attachment 13 - Pass through events*, 28 January 2022, pp. 4-5.

⁴⁶ AusNet Services, *February 2024 Storm Tower Collapse Cost pass through application*, 3 February 2025, pp. 14-15.

Relevant factors under cl. 6A.7.3 (j)	AER consideration
We must take into account whether the costs of the pass through event have already been factored into the calculation of AusNet Services' annual revenue requirement for the regulatory control period in which the pass through event occurred or will be factored into the calculation of its annual revenue requirement for a subsequent regulatory control period ⁴⁷	As discussed in section 4.5, we consider that some elements of the costs AusNet Services included in its cost pass through application are not incremental – i.e., they have already been factored into AusNet Services' annual revenue requirement for the regulatory control period in which the pass through event occurred (i.e. 2022–27). We have excluded them.
We must take into account the extent to which AusNet Services' costs have already been funded by previous pass through determinations. ⁴⁸	AusNet Services submitted that it undertook temporary solutions to re-establish transmission services and set up temporary transmission towers, prior to designing and replacing the six towers that collapsed. ⁴⁹ As stated above, we have excluded some costs items, which we consider are unlikely to be incremental.
We must take into account any other factors that we consider relevant. ⁵⁰	The other factors we took into account in our assessment of AusNet Services' application are set out below. The AER must exercise its power in a manner that will or is likely to contribute to the achievement of the National Electricity Objective. The AER may take into account the revenue and pricing principles set out in section 7A of the NEL. ⁵¹ In this matter, the principle that a regulated network service provider should be provided with a reasonable opportunity to recover efficient costs is applicable. We considered the final conclusions of Energy Safe Victoria's investigation into the Anakie transmission tower collapse following the storm in February 2024. ⁵² This investigation found that AusNet Services' actions and practices did not contribute to the collapse of the relevant transmission towers during the February 2024 storm event. This is further discussed in section 4.5.

⁴⁷ NER, cl. 6A.7.3(j)(6A).

⁴⁸ NER, cl. 6A.7.3(j)(6B).

⁴⁹ AusNet Services, *February 2024 Storm Tower Collapse Cost pass through application*, 3 February 2025, p.3.

⁵⁰ NER, cl. 6A.7.3(j)(7).

⁵¹ NEL, s. 16(2)(b).

⁵² Energy Safe Victoria, [Detailed Energy Safe investigation into Anakie transmission tower collapse concludes](#), 9 July 2025.

Relevant factors under cl. 6A.7.3 (j)	AER consideration
	<p>We also considered the final report of the review commissioned by the Minister for Energy and Resources directly following the storm in February 2024.⁵³ While the matters considered during this review were not directly linked to our cost pass through review, we note that this review touched on AusNet Services' emergency risk management practices regarding the transmission of electricity. In particular, the review recommended (Recommendation 1) that AusNet Services annually attests to the Minister for Energy and Resources as to the currency, completeness, maturity and implementation ability of these practices, inclusive of assets, people, resources, governance, systems, processes, and arrangements with contractors. AusNet Services was subject to this annual attestation prior to the February 2024 storm event. The review strengthened the requirements.⁵⁴</p>

Source: AER analysis.

⁵³ Following the 13 February 2024 weather event, the Victorian state government commissioned the Network Outage Review to inquire and make recommendation on the operational response of AusNet Services distribution and transmission businesses, among other things. For more details, please see: [February 2024 Storm and Power Outage Event Independent Review of Transmission and Distribution Businesses Operational Response Final Report](#).

⁵⁴ [February 2024 Storm and Power Outage Event Independent Review of Transmission and Distribution Businesses Operational Response Final Report](#), p. 7; Also see the Victorian Government response to the recommendations of this review: [Victorian Government Response to the Network Outage Review, December 2024](#), p. 11 (accessed on 15 July 2025).

4 Reasons for determination

The sections below set out the reasons for our determination.

4.1 Occurrence of natural disaster

This determination relates to a nominated pass through event, being a natural disaster event as specified in AusNet Services' 2022–27 revenue determination.

A natural disaster event is defined in AusNet Services' 2022–27 revenue determination as:⁵⁵

“Natural disaster event means any natural disaster including but not limited to cyclone, fire, flood or earthquake that occurs during the 2022–27 regulatory control period that changes the costs to AusNet Services in providing prescribed transmission services, provided the cyclone, fire, flood, earthquake or other event was:

(a) a consequence of an act or omission that was necessary for the service provider to comply with a regulatory obligation or requirement or with an applicable regulatory instrument; or

(b) not a consequence of any other act or omission of the service provider.

Note: In assessing a natural disaster event pass through application, the AER will have regard to, amongst other things:

(1) whether AusNet Services has insurance against the event;

(2) the level of insurance that an efficient and prudent NSP would obtain in respect of the event.”

4.1.1 Natural disaster event

We consider the 13 February 2024 storm satisfies the definition of a natural disaster pass through event as specified in AusNet Services' determination. In particular, the 13 February 2024 storm was:

- responded to by State and Federal Governments as a natural disaster;
- unexpected; and
- caused severe damage to property.

For example, disaster assistance, jointly funded by the Australian and Victorian Governments under the Commonwealth-State Disaster Recovery Funding Arrangements (DRFA), was made available to communities impacted by storms in Victoria that commenced on

⁵⁵ AER, Final decision AusNet Services transmission determination - Attachment 13 - Pass through events - January 2022, p. 7.

13 February 2024.⁵⁶ Further, a range of other sources including the Insurance Council of Australia and the Bureau of Meteorology also highlighted the severe impact of the storm.⁵⁷

The 13 February 2024 storm increased the costs to AusNet Services in providing prescribed transmission services and the event was not a consequence of an act or omission of AusNet Services – it was outside of AusNet Services’ control, and it was unforeseeable. Section 4.4.2 sets out further details of our assessment supporting this view.

4.2 Positive change event

If we are satisfied that a pass through event has occurred, we must determine whether the pass through event qualifies as a “positive change event”. That is, whether AusNet Services incurred materially higher costs in providing prescribed transmission services than it would have incurred but for the pass through event.

The NER defines “materially” as:

“For the purposes of the application of clause 6A.7.3, an event (other than a network support event) results in a transmission network service provider incurring materially higher or materially lower costs if the change in costs (as opposed to the revenue impact) that the transmission network service provider has incurred and is likely to incur in any regulatory year of a regulatory control period, as a result of that event, exceeds 1% of the maximum allowed revenue for the transmission network service provider for that regulatory year.”⁵⁸

As shown in Table 4, we consider the additional costs incurred by AusNet Services in providing prescribed transmission services as a result of the event meet the materiality threshold.

Table 4: AER materiality assessment of the February 2024 storm event (\$million, nominal)

	2021–22	2022–23	2023–24	2024–25	2025–26	Total
Opex	-	-	-	0.02	-	0.02
Capex	-	-	6.60	23.25	-	29.85
Total expenditure	-	-	6.60	23.27	-	29.87
Approved smoothed revenue	570.72	573.68	579.59	590.75	593.11	2,907.85
Materiality (%)	-	-	1.15%	4.01%	-	-

Note: Opex and capex are inclusive of overheads and exclusive of deductions.

⁵⁶ <https://minister.homeaffairs.gov.au/MurrayWatt/Pages/jointly-funded-assistance-for-storm-bushfire-impacted-vic.aspx>

⁵⁷ Insurance Council of Australia, [Insurance Catastrophe Resilience Report 2023–24](#), August 2024, pp. 12-13.

⁵⁸ NER, Chapter 10.

4.3 Timing of AusNet Services' application

Clause 6A.7.3(c) of the NER requires a TNSP to submit a pass through application to us within 90 business days of the positive change event occurring.

We consider the storm event to have occurred on 13 February 2024. We received AusNet Services' pass through initial application on 20 June 2024, which was within the 90 business days provided for in the NER.

Following our initial assessment of AusNet Services' application, we issued a notice to AusNet Services under clause 6A.7.3(e1), requesting additional information. AusNet Services responded to our notice on 3 December 2024, updating its cost pass through application to reflect actual costs of replacing the transmission towers.

We considered that the findings of the ESV's investigation into the Anakie transmission tower collapse would be relevant to our determination on AusNet Services' cost pass through application. Therefore, we issued a notice under clause 6A.7.3(n) of the NER, notifying AusNet Services that our determination would require information from an Authority (Energy Safe Victoria). On 9 July 2025, Energy Safe Victoria announced the findings of its investigation. This restarted the 40 business day period within which we are required to make a determination under the NER.

4.4 Assessment of pass through amount

In assessing a pass through application, the NER requires us to take into account a range of relevant factors,⁵⁹ including the need to ensure that AusNet Services only recovers any actual or likely increment in costs, to the extent that such an increment is solely as a consequence of the pass through event,⁶⁰ and that AusNet Services does not recover costs that have or will be factored into AusNet Services' annual revenue requirement.⁶¹

We approach this assessment by ensuring, amongst other factors, that:

- the pass through amount reflects only those costs incurred as a result of the 13 February 2024 storm natural disaster event, and not costs incurred as a result of other positive change events, business-as-usual costs, or costs of increasing the scope of network services provided by AusNet Services
- the costs incurred are prudent and efficient costs required to rectify the damage caused by the storm;
- the pass through amount reflects only the incremental cost of the 13 February 2024 storm, taking into account deductions for actual and expected cost savings that will occur as a result of works undertaken to address the storm. For example, the replacement of older assets damaged by the storm with new assets may result in lower future inspection and maintenance costs, which should be deducted from the costs to be passed through.

⁵⁹ NER, cl. 6A.7.3(j).

⁶⁰ NER, cl. 6A.7.3(j)(5).

⁶¹ NER, cl. 6A.7.3(j)(6B).

4.4.1 Incremental revenue and pass through amount calculations

While we are satisfied that AusNet Services' estimates of the increase in capex and opex costs due to the 13 February 2024 storm are prudent and efficient, we are not satisfied they are all incremental. As stated below, we have excluded these costs. As such, our determination of the approved incremental revenue for the 13 February 2024 storm event is \$2.5 million (\$nominal, smoothed).⁶² This is a reduction of \$0.1 million compared to AusNet Services' revised pass through proposal of \$2.6 million.⁶³ Table 5 details our determination on incremental revenue.

Table 5: AER approved incremental revenue for the February 2024 storm (\$million, nominal)

\$million, nominal	2022–23	2023–24	2024–25	2025–26	2026–27	Total
Return on capital	-	-	0.30	1.36	1.21	2.87
Return of capital (regulatory depreciation)	-	-	-0.05	-0.21	-0.20	-0.46
Operating expenditure	-	-	0.01	-	-	0.01
Net tax amount	-	-	-	-	-	-
Incremental annual revenue requirement (unsmoothed)	-	-	0.27	1.15	1.01	2.43
Incremental annual expected revenue (smoothed)	-	-	-	-	2.50	2.50

Source: AER analysis.

AusNet Services' initial application included \$32.9 million (\$2022) of additional capital and operating costs (total expenditure or totex) required as a result of the 13 February 2024 storm.⁶⁴ We assessed AusNet's proposed costs, and suggested amendments such as to correct the nominal to real CPI conversion factor. AusNet subsequently revised this amount to \$27.3 million in 31 March 2025. We have reduced the proposed incremental costs by \$1.2 million (\$2022) to exclude certain internal labour costs in order to ensure that only the efficient incremental costs incurred as a result of the February 2024 storm cost pass through are recovered, as shown in Table 6 below.

⁶² Note this is equivalent to the adjusted amount of \$26.1 million of total capex and opex (\$2022) stated earlier in this document.

⁶³ AusNet Services, *AusNet Tx PTRM (including Feb 2024 CPT) - 2025-26 RoD update*, 31 March 2025

⁶⁴ AusNet Services, *Attachment 1 - Storm Cost Pass through Build up of costs*, 20 June 2024.

Table 6: AER approved incremental capex and opex expenditure for the February 2024 storm cost pass through

\$million, (\$2022)	2022–23	2023–24	2024–25	2025–26	2026–27	Total
Proposed cost pass through totex	-	6.18	21.14	-	-	27.32
Approved cost pass through totex	-	6.00	20.09	-	-	26.10
Difference	-	-0.18	-1.05	-	-	-1.23

Source: AER analysis.

4.4.2 Costs reflect only incremental 13 February 2024 storm-related costs and not business-as-usual costs

We are satisfied that the costs AusNet Services has incurred, excluding cost items relating to internal labour as discussed below, are costs incurred as a consequence of the 13 February 2024 storm and do not include business-as-usual costs.

We have reviewed the cost build up model submitted by AusNet Services. This model shows the costs relating to:

- emergency response and temporary restoration to clear the site and restore the line using the Emergency Restoration System (ERS), and
- permanent restoration of the line for the design and construction of new permanent towers to replace the ERS.

While we consider the bulk of these costs are the prudent and efficient, incremental costs of responding to the 13 February 2024 storm event, we are not persuaded that some components of labour costs for both the “Emergency response and temporary restoration” and the “Permanent restoration of the line” are incremental. We sought clarification from AusNet Services about these costs, including evidence to support their inclusion in the proposed pass through amount. Based on AusNet Services’ responses, we have formed the view these labour costs arise from reallocating internal labour to respond to the incident, and to maintain progress on other projects.⁶⁵ The evidence available does not demonstrate these costs are solely attributable to the pass through event and incremental to costs recovered under the current revenue determination. Therefore, we have determined to exclude these costs (\$1.2 million, \$2022) from our approved pass through amount.

Apart from the labour costs mentioned above, we are satisfied that the remaining components of the costs AusNet Services’ proposed to recover only include incremental costs relating to the 13 February 2024 storm event. To satisfy ourselves to this effect, in

⁶⁵ AusNet Services, *Responses to AER emails*, 4 August 2025 and 13 August 2025.

addition to reviewing AusNet Services' cost built up model, we have also considered the findings of Energy Safe Victoria's investigation into the Anakie transmission tower collapse following the 13 February storm event. As stated earlier, this investigation cleared AusNet Services of any breach of its obligation in the lead up to the 13 February 2024 storm event.

Further, we considered AEMO's final report on the *Trip of Moorabool – Sydenham 500 kV No. 1 and No. 2 lines on 13 February 2024*. In particular, the report acknowledged the findings of AusNet Services' independent meteorological expert analysis in response to the tower failures, including that:⁶⁶

- the towers were designed to the applicable standards and were in good condition – According to AusNet Services, the failed towers were constructed in 1981 and designed to withstand synoptic wind speeds of 144 km/h which complied with the applicable standards at the time. At the time of the incident (the February 2024 storm), all routine inspection and condition assessment maintenance was up to date and no corrective maintenance was due on the affected towers.
- the towers likely failed as wind speeds exceeded the design rating of the towers - there were likely wind gusts in the range of 150-170 km/h at a height of 10 metres and up to 191-216 km/h at altitude of 50 metres above the ground in the relevant vicinity at the relevant time.
- wind speeds of the magnitude experienced on 13 February 2024 were not forecast by the Bureau of Meteorology (BoM).
- similar windy conditions had previously caused tower failure events on the 500 kV network in Victoria on 31 January 2020.⁶⁷

Based on the reasons set out above, we consider that the costs included in the AusNet Services cost pass through amount, excluding internal labour costs as noted above, have been demonstrated to be incremental costs and separate to the business-as-usual costs of operating the transmission network.

4.4.3 The 13 February 2024 storm-related costs reflect the prudent and efficient costs required as a result of the event

We have examined the scope of actions and works AusNet Services undertook in response to the 13 February 2024 storm event. We are satisfied the level of costs AusNet Services has incurred as a result of the 13 February 2024 storm reasonably reflects efficient costs.

We consider the decisions and actions of AusNet Services in response to the event were efficient, and that the 13 February 2024 storm event could not have been prevented or mitigated through prudent operational risk management.

⁶⁶ AEMO, *Trip of Moorabool – Sydenham 500 kV No. 1 and No. 2 lines on 13 February 2024*, July 2025, pp. 20-21.

⁶⁷ We approved AusNet Services' cost pass through application on this matter: AER, [Determination - AusNet Services - Transmission Tower Collapse Cost Pass Through - September 2020](#)

AusNet Services submitted that, in preparing for and responding to the 13 February 2024 event, it applied procedures and practices similar to that it applied following the June 2021 and October 2021 storms, including lessons of its Post Incident Reviews of those events.⁶⁸ AusNet Services submitted that it had governance procedures and practices in place to efficiently manage its exposure to risks it faces as an owner and operator of a distribution network, as well as its approach to storms. In particular, AusNet Services submitted it enacted its emergency response protocol, Strategic Plan for Integrated Response and Contingency System (SPIRACS).⁶⁹ SPIRACS outlines criteria for assessing the severity of an event and offers advice on preventative and mitigation controls aimed at reducing the consequences of crisis events. This emergency response protocol formed the response framework by which AusNet Services coordinated and prioritised activities across its network to restore customer supply in response to the 13 February 2024 storm.⁷⁰

AusNet Services submitted the following information:

- its assets management plan, records of inspections relating to steelwork and bolt corrosion, insulator condition and hardware deterioration that was effective at the time of the 13 February 2024 storm, as well as previous versions covering the five years prior to the storm
- its vegetation management plan that was effective at the time of the 13 February 2024 storm as well as previous versions covering the five years prior to the storm
- details of the most recent vegetation clearance work carried out prior to the 13 February 2024 storm, including the cost and sections of the network cleared; and
- details of the vegetation management program as well as any bushfire management programs applicable to the area impacted by the storm.

We have reviewed the relevant sections of this material, and we accept that AusNet Services' asset management and vegetation management plans were appropriate and consider that AusNet Services practices are unlikely to have contributed to an increase in the pass through amount. There is no evidence that AusNet did or failed to do anything that contributed to the occurrence of the event. Specifically, the information available demonstrates that AusNet had inspected and maintained the towers in accordance with good industry practice. This is most strongly evidenced by the findings of Energy Safe Victoria that found the towers were "properly maintained, inspected regularly, and free from evidence of corrosion or structural faults before the failure." Energy Safe Victoria concluded that the cause of the incident was a severe weather event in the area (severe convective downburst), and that the existing towers had been inspected and maintained in accordance with AusNet Services Transmission's Electrical Safety Management Scheme (ESMS).⁷¹

⁶⁸ AusNet Services, *2024 February Storm cost pass through – Application*, February 2025, p. 11.

⁶⁹ AusNet Services, *2024 Feb Storm Cost pass through application - PUBLIC - 3 Feb 2025*, p. 6.

⁷⁰ AusNet Services, *AusNet Services - October 2021 Storm cost pass through – Application*, March 2022, p. 11; AusNet Services, *AusNet Services - 2020-21 Storms disaster event cost pass through – Application*, November 2021, p. 13.

⁷¹ <https://www.energysafe.vic.gov.au/media-centre/news/detailed-energy-safe-investigation-anakie-transmission-tower-collapse-concludes>

Based on our review, we consider it unlikely that AusNet Services did or failed to do anything prior to the storm event that materially contributed to additional costs related to the 13 February 2024 storm pass-through event.

As stated earlier, we have also reviewed the cost build up model provided by AusNet Services and excluded some costs items related to internal labour which, while prudent, we do not consider to be incremental.

4.4.4 Submissions from stakeholders

We published AusNet Services' cost pass through application and sought submissions from interested stakeholders. We did not receive any submissions.

4.5 Timing of pass through recovery

In its application, AusNet Services proposed to recover the incremental revenue arising from its cost pass through application over the last two years (2025–26 and 2026–27) of the 2022–27 regulatory control period.

Given the timing of this determination, especially considering the delay due to taking into account the findings of the ESV's investigation, we have determined that AusNet Services should recover the approved pass through amount over the final year of the 2022–27 period (2026–27). This is because this determination has extended past the feasible decision date for the costs to be recovered in the 2025–26 year.

We estimate that our approved cost pass through will add approximately \$0.5 to the average annual bill for residential customers in 2026–27, and approximately \$1 to the annual bill for small businesses.

Glossary

Term	Definition
AER	Australian Energy Regulator
BoM	Bureau of Meteorology
Capex	Capital Expenditure
TNSP	Transmission Network Service Provider
DRFA	Disaster Recovery Funding Arrangements
ESV	Energy Safe Victoria
Minister	the Victorian Minister for Energy and Resources
NEL	National Electricity Law
NEM	National Electricity Market
NER	National Electricity Rules
Opex	Operating Expenditure
SPIRACS	Strategic Plan for Integrated Response and Contingency System
