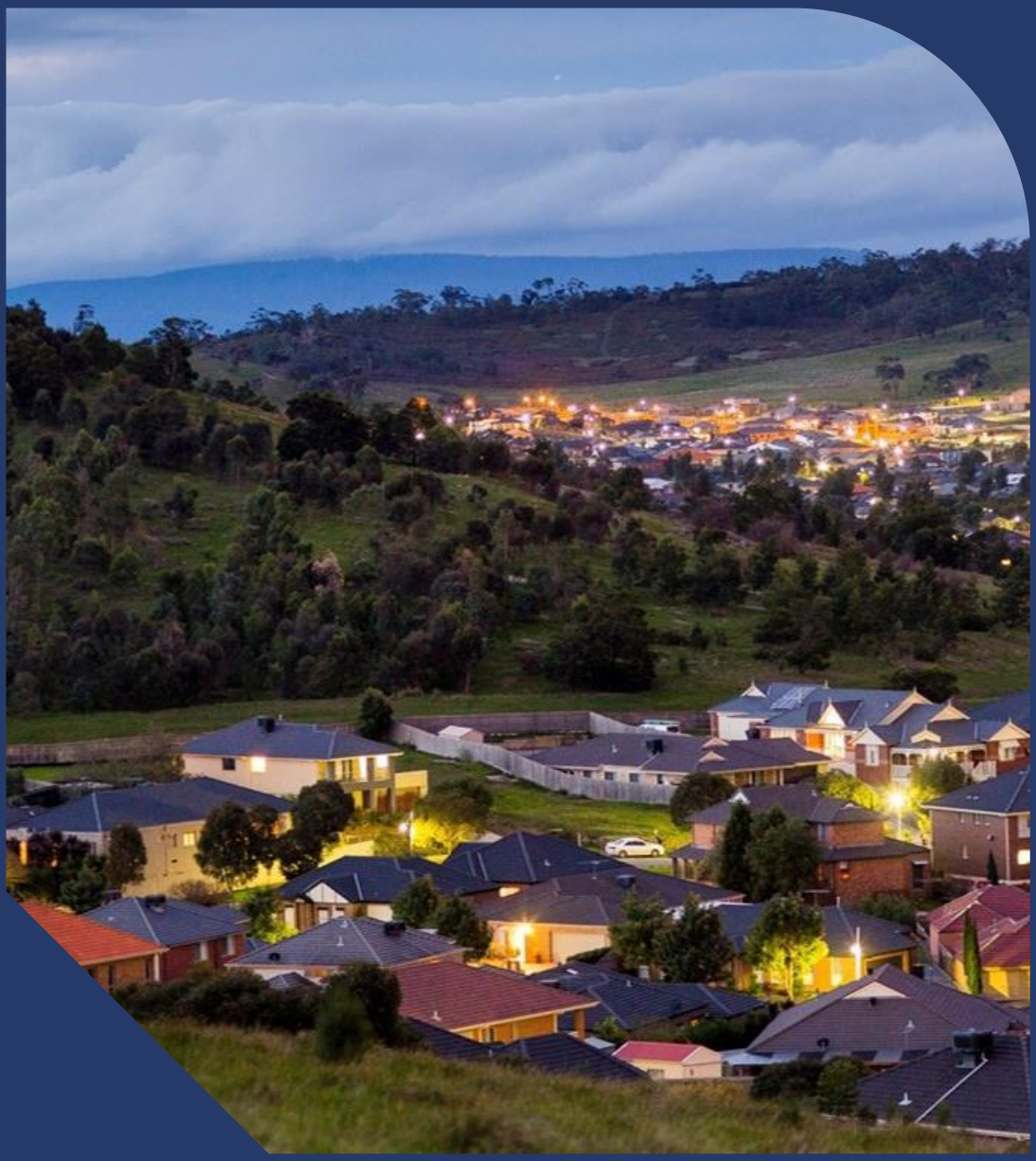
AusNet

Transmission Revenue Reset 2027 to 2032 (TRR 2027-32)

Project Cost Update Summary: RCTS Transformer & Switchgear Replacement

Date: October 2025



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1. Purpose

This document outlines the basis of the capital expenditure proposed for the Red Cliffs Terminal Station (RCTS) Transformer & Switchgear Replacement project by AusNet Services as part of its Transmission Revenue Reset (TRR) 2027-32 revenue proposal.

2. Project Background

RCTS, owned and operated by AusNet Services, is located in Red Cliffs, northern Victoria. Since it was commissioned in the early 1960's, RCTS served as the main 220/66 kV and 220/22 kV transmission connection point for distribution of electricity via the Powercor distribution network to communities in the towns of Red Cliffs, Colignan, Werrimull, Merbein, Mildura and Robinvale.

There are five 220/66/22 kV transformers (B1, B2, B3, L1 and L2) at RCTS. The B1 and B2 transformers are rated 70 MVA each, and with the B3 (140 MVA) transformer, supply the 66 kV load at RCTS. The smaller L1 and L2 transformers provide a 22 kV supply. The B1, B2, L1 and L2 transformers, in addition to several instrument transformers at various voltages, are in poor condition.

Without remedial action, other than ongoing maintenance practice (business-as-usual), these assets are expected to deteriorate further and more rapidly. This increases the probability of failure, which could lead to electricity supply interruptions, heightened safety risks from potential explosive failures, environmental risks from possible oil spillage, collateral damage risks to adjacent plant, and the risk of increased costs resulting from the need for emergency asset replacements and reactive repairs. AusNet Services therefore initiated this project to maintain reliable transmission services at RCTS and to mitigate asset failure risks.

A Regulatory Investment Test (RIT-T) was conducted to evaluate options to meet the identified need and concluded that the replacement of the transformers and switchgear in an integrated project provides the highest present value of net economic benefits. An internal business case was approved for this project in September 2023 to invest $56.3M ($real 2023) for asset replacement by February 2029.

Design completion was achieved in September 2025, which identified the following additional scope being required:

- 2 x 220kV ROIs (each with double earth switch configuration)
- Upgrades to station access roads and mitigation of physical constraints to support the safe delivery of new transformers and removal of decommissioned transformer units.

The revised project expenditure, accounting for the scope adjustment, is $68.3M ($real 2027). The increased cost does not impact the feasibility of the project and the selected replacement approach remains as the preferred option.

A formal project change request for additional budget has not yet been raised for this project, as it is not expected to exceed the current approved budget until mid-2026. A request for additional budget will be raised prior to that point.

3. Project Forecast Expenditure

The table below contains AusNet Services' proposed capital expenditure (as incurred) for this project over the current and 2027-32 regulatory periods.

	TOTAL RY23-25	RY26	RY27	RY28	RY29	TOTAL
Project Total Cost ($M, real 2026-27)	$9.5	$6.9	$24.8	$21.0	$15.2	**$77.4**

This expenditure is based on the current project delivery forecast, considering the additional scope required, to achieve project completion by February 2029.

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