

AusNet

AusNet Transmission Group Pty Ltd

2027-2032 TRR Reset RIN

Workbook 2 Historical

Basis of Preparation

Public



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1. Overview

As per section 1.3.2(c) of the 2027-32 Reset RIN ("**RIN**") issued by the Australian Energy Regulator ("**AER**") on 7 July 2025 under the National Electricity Law ("**NEL**"), AusNet Transmission Group Pty Limited ("**AusNet Transmission**") is required to provide a Basis of Preparation which meets the requirements set out in section 5 of the RIN.

This Basis of Preparation document supports the preparation and reporting of the AER's Reset RIN **Workbook 2 – Historical** in relation to AusNet Transmission's Reset RIN (Regulatory Control) period commencing on 1 April 2027 and ending on 31 March 2032.

AusNet Transmission's regulatory year ("**RY**") is the period 1 April to 31 March. Data included in the template has been provided for the historic regulatory years as specified in the template which includes:

- 7.4 Shared Assets: RY 2020-21 to 2024-25
- 8.2.7 Immediate expensing of capex: RY 2022-23 to 2024-25

All financial data included in the Reports is presented in Australian dollars.

The ultimate Australian parent of the Company is AusNet Services Ltd. The AusNet Services' Group owns and operates three regulated networks – an electricity distribution network, a gas distribution network, and an electricity transmission network, as well as unregulated businesses. Employees of the AusNet Services Group work across the networks/businesses and there are shared costs, overheads and other corporate costs that cannot be directly allocated to a particular network or business. These costs are proportioned amongst AusNet Services' three regulated networks, as well as unregulated businesses, based on a monthly indirect cost allocation process in accordance with the Cost Allocation Methodology ("**CAM**") document as approved by the AER in November 2019.

Materiality has been applied throughout the Reports and the Basis of Preparation in line with the Appendix B Definitions issued on 7 July 2025. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users (including the AER) taken on the basis of the information provided. This definition is based on the definition of materiality in the AASB conceptual framework which provides context for the interpretation of this definition of materiality.

Based on the RIN instructions and other supplementary guidance received from the AER, AusNet Services must report all variables as 'Actual Information', unless it is unable to do so.

Actual Information is information whose presentation is materially dependent on information recorded in historical accounting records or other records used in the normal course of business, and whose presentation is not contingent on judgments and assumptions for which there are valid alternatives, that could lead to a materially different presentation.

- 'Accounting records' include trial balances, the general ledger, subsidiary accounting ledgers, journal entries and documentation to support journal entries. Actual financial information may include accounting estimates, such as accruals and provisions, and any adjustments made to the accounting records to populate its regulatory accounts.

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- 'Records used in the normal course of business', for the purposes of non-financial information, includes asset registers, geographical information systems, outage analysis systems, and so on.
- Information presented whose presentation is based on allocation method using judgments or assumptions, can be still reported as actual. The allocation method would be expected to be clearly documented by the Network Service Provider and approved by senior management as either a regulatory statement accounting policy or regulated statement policy, with any judgments or assumptions used in the allocation remaining consistent between reporting years. The judgments or assumptions used are to be determined in accordance with the Order, notice or other purpose governing the preparation of the information.

'Estimated Information' is information whose presentation is not materially dependent on information recorded in the Network Service Provider's historical accounting records or other records used in the normal course of business (refer above), and whose presentation is contingent on judgments and assumptions for which there are valid alternatives, that could lead to a materially different presentation.

Interpretation of the AER's definition of Actual and Estimated information requires Management judgment to be made as to the appropriate classification of information including:

- the extent to which the information is sourced from accounting or other records used in the normal course of business; and
- the degree of estimation involved and whether the information is materially dependent on judgments and assumptions for which there are valid alternatives, which could lead to a materially different presentation.

Based on the RIN instructions and other supplementary guidance received from the AER, in circumstances where AusNet Transmission is unable to provide 'Actual Information', the information is required to be estimated and an explanation included in the Basis of Preparation document as to why AusNet Transmission was unable to provide 'Actual Information', how the estimate was derived and why it is the best estimate in the circumstances. This is consistent with supplementary guidance received from the AER, in the absence of evidence that AusNet is unable to provide 'Actual Information' the AER may regard the provision of 'Estimated Information' as non-compliant with the RIN.

Where 'Estimated Information' has been presented, the circumstances and the basis for the estimate, including the approach used, assumptions made, reasons why an estimate was required and why the estimate is AusNet Transmission's best estimate have also been set out below. Estimates will often not equal the related actual results and estimates have only been made for the purpose of disclosing the information required under the RIN. Considerations of the cost and efficiency of preparation as well as the reliability and accuracy of data available have been considered in determining the best methodology to determine the estimates. AusNet Transmission believes that any estimated data provided in the RIN templates is management's best estimate and complies with the RIN Instructions. The methodologies, assumptions and judgments made by Management in respect of variables are described within the relevant sections of this Basis of Preparation.

The preparation methodologies and information sources adopted in the preparation of the Reports are detailed below.

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7.4 Shared Assets

7.4.1 Total Unregulated Revenue earned with Shared Assets

Data reporting quality:

Actual

Estimated data:

None

Null response:

None

Information source, methodology and assumptions:

A review of all external revenue sources in the financial accounts/trial balance was conducted to identify the assets used to provide the service and whether those assets were acquired using Regulated Capex. This information was validated and reviewed by appropriate subject matter experts and is consistent with prior TRR periods. There were no new streams of unregulated revenue earned with shared assets identified.

Once the shared assets and associated revenue streams were established, information from the financial system (SAP) was used to determine the revenue on a regulatory year basis for those unregulated services. The revenue revenues are captured in separate general ledger codes (e.g. communications services, property rentals). The revenue reported includes unregulated revenue that are directly related to a shared asset.

Our methodology involved using invoices to identify if any of the unregulated revenue in the general ledger did not directly relate to shared assets. As part of this process, we identified that a portion of the revenue for HV CT & VT Testing related to metering panel design and build services. This is an individual unregulated service that does not use shared assets (nor any assets) as they require only labour and materials. These services were identified based on individual invoices billed to customers for metering panel design and build services.

Property Leases to Third Parties

AusNet Services leases several of its owned regulated sites to third parties / customers and generates income accordingly from these lease arrangements. The site leasing revenues contained in Table 7.4.1 are based on actual reported revenues sourced from the financial system (property rental general ledger) for all Transmission customers.

Additional information:

Shared assets are those assets that are used to provide both prescribed transmission services and unregulated services. In some circumstances this may reflect revenue apportionment in line with the AER's *Shared Asset Guideline (Version 2, June 2025)*.

A division of AusNet Services is Mondo Power Pty Ltd, who provide metering, data, and asset management solutions, including integrated mobile and spatial technologies. They perform unregulated services, and they have certain revenues recorded within the AusNet Transmission Group Pty Ltd entity.

7.4.2 Shared Asset Unregulated Services – Apportionment Methodology

No revenue was apportioned. As noted above, a portion of the unregulated revenue related to HV CT & VT Testing related to materials and labour only and did not use shared assets. These were not included in the reporting of revenue related to shared assets.

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8.2 Capex

8.2.7 Immediate expensing of Capex

Data reporting quality:

Actual

Estimated data:

None

Null response:

None

Information source, methodology and assumptions:

For **immediate expensing of capex** AusNet Transmission Group's Income Tax Assessment values are included as part of the AusNet Group income tax return that is lodged to the Australian Taxation Office which includes immediately deductible capital expenditure, that is based on the AusNet Group's statutory year, being 1 January to 31 December. The fixed assets that are immediately deducted for tax on an as-incurred basis were sourced from the Corporate fixed asset register, which records overheads and financing charges. AusNet Transmission changed its policy to claiming the immediate expensing of capex to an 'incurred' basis from 2020. Historically this was based on when assets were commissioned.

Immediate expensing that is immediately deductible for tax purposes on an as-commissioned basis includes those capex items that meet the following criteria:

- Damage to Towers due to weather event or other
- Relocation of Towers as requested by Government

Whilst template 8.2.7 states that 'as commissioned' immediate expensing of capex is to be reported, AusNet have reported immediately expensed capex on both an as-incurred and as-commissioned bases in line with a hybrid approach confirmed by the AER via email on 2 October 2025.

In line with the AusNet Group's tax treatment, we have reported the immediate expensing of capitalised overheads on an as-incurred basis.

We have also reported direct costs of one project which was immediately expensed on an as-commissioned basis as the project related to capital works arising from damage to towers from a storm event in RY25.

Additional information:

None

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Other historical information

Historical information is also provided in Workbook 3 – EBSS and Workbook 4 – CESS.

Data reporting quality:

Actual

Estimated data:

None

Null response:

None

Information source, methodology and assumptions:

Information on allowances is sourced from the latest approved PTRM, in this case the updated PTRM following the 2025-26 Return on Debt update and the February 2024 storms cost pass through.

Actual capex and opex information is sourced from AusNet's historical Regulatory Information Notice templates and Annual Information Order templates.

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