

31 October 2025

Ms Clare Savage
Chair
Australian Energy Regulator
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Dear Ms Savage,

AusNet Services – Transmission Revenue Proposal 2027-32

Please find attached AusNet Services' Transmission Revenue Proposal for the regulatory control period 1 April 2027 to 31 March 2032. The submission and supporting material have been prepared in accordance with the National Electricity Rules and the AER's Regulatory Information Notice, and have been provided through the AER's secure document portal.

This proposal seeks to maintain the reliability and safety of Victoria's existing transmission network – the backbone that delivers power to more than seven million Victorians. We have listened carefully to our customers and stakeholders, who have told us they value reliability and safety but cannot afford unnecessary cost. Accordingly, the proposal maintains current service levels, targets prudent replacement of ageing assets, and introduces modest, targeted investments in resilience, digital capability and landholder engagement.

To deliver these outcomes, AusNet proposes capital expenditure of \$2.4 billion (real 2027 dollars) over the five-year period, a 2.2-times increase on the current period. The uplift is driven by the need to replace deteriorating assets on the 500 kV backbone built in the 1950s and 1960s, coupled with significant cost escalation experienced across the national infrastructure sector.

The proposal results in a total revenue requirement of \$4.7 billion (nominal), equivalent to a 57 per cent nominal increase in annual revenue over the 2027–32 period. For a typical Victorian residential customer with an annual bill of approximately \$1,908, this translates to an estimated \$42 increase in the transmission component of their bill over five years – around 2 per cent of the total bill.

We recognise this is a material increase and have acted to keep costs as low as practicable. Since the draft proposal in July 2025, we have:

- reduced forecast Capex by approximately \$450 million through deferrals and scope adjustments;
- further aligned projects with VicGrid's Victorian Transmission Plan to avoid duplication; and
- incorporated a contingent project mechanism to protect customers from paying for projects that may not proceed.

Our deliverability analysis confirms that the program is achievable within the regulatory period, provided the sector acts early to secure critical skills, materials and outage windows. AusNet is strengthening its delivery partnerships, workforce programs and planning approvals processes to manage this challenge responsibly.

This Revenue Proposal has been prepared in the broader context of Victoria's transmission transformation. As VicGrid and AEMO plan the next wave of augmentation under the VTP and ISP, maintaining the integrity of the existing network is fundamental. A reliable backbone ensures new transmission investments operate effectively and deliver their intended benefits to consumers.

Our engagement with stakeholders, particularly through the Transmission Stakeholder Advisory Panel, has been instrumental in shaping this submission. Their input has helped us refine priorities, balance affordability and reliability, and design mechanisms that protect customers from risk.

All information not identified as confidential may be publicly disclosed in accordance with the accompanying Confidentiality Claims document.

I would welcome the opportunity to discuss this proposal with the AER Board at our meeting on 20 November 2025 and to continue collaborating through the review process to ensure an outcome that best serves Victorian consumers.

Yours sincerely,

David Smales
Managing Director
AusNet Services