AusNet

TRR 2027-32

Transmission Stakeholder Advisory Panel (TSAP)

Summary Notes | Deliverability, Risk & Digital

Details

9.00am to 4.30pm Monday 1 September 2025

In-person & Online (MS Teams)

Chair: Glenn Orgias

Secretariat: AusNet prepared draft, finalised by Chair Glenn Orgias

Members

Glenn Orgias, *Chair*
Al Mills
Alex Crosby
Andrew Richards*
David Markham*
Harshal Patel
Gavin Dufty
Richard Robson
Tennant Reed
Theodora Karastergiou
Rebecca Xuerub
Roy Unny

Additional participants:

Alistair Parker, *VicGrid*
Ashley Lloyd, *AEMO*
Matthew Serpell, *Jemena*
Tim Byrne, *Zinfra**
Louise Bishop, *Zinfra*

Observers:

David Prins, *AER CCP*
Andreas Blahous, *AER*
Kirk Zammit, *AER**
Rabi Islam, *AER**
Reuben McLaren, *DEECA**
Tim Sheridan, *DEECA**

Apologies:

Mike Swanston, *AER CCP*

**Joined virtually*
^Digital item only

AusNet Staff

Liz Ryan, *EGM Transmission*
Tom Hallam, *GM Strategy & Regulation (Transmission)*
Laura Walsh, *GM Network Management*
Martin Cavanagh, *GM Security & Network Operations ^*
Nigel Turner, *Head of Delivery, Construction & Commissioning*
Melanie Tan, *Director Network Development & Planning*
Ross Dunbar, *Head of Strategy & Partner Management*
Lucy Holder, *Customer Engagement Manager*
Ruan de Witt, *Transmission Strategy Manager*
Justin Betlehem, *Metering, Strategy & Regulation Manager^*
Stuart Dick, *Asset Management Manager*
Herman De Beer, *Principal Engineer*
Tushar Mehta, *Senior Planning Engineer*
Andrew Ponsonby, *Senior Regulatory Economist*
Dom Holden, *Strategy Lead*
Carine Lam, *Strategy & Regulatory Lead^*
Daniel Chen, *Strategy & Regulatory Lead^*
Charlie Qin, *Regulatory Economist*
Lia Mavrias, *Engagement Specialist*
Miranda Friee, *Business Graduate*
Nicholas Gathercole, *Business Graduate*

Key outcomes

The TSAP took the opportunity to question the AER, the AER's CCP, AEMO and VicGrid, who accepted the TSAP's invitation to speak and answer questions.

The TSAP discussed the outcomes of AusNet's deliverability assessment, which they engaged on the methodology for in April, and generally felt that:

- The TRR's programs and projects are deliverable on a standalone basis, based on the availability of labour, materials, outages and planning approvals.
- Additional VTP and customer-initiated work create uncertainty for the demand for skilled electrical workers. The supply of these skilled resources is also uncertain but work is underway to help delivery partners scale up.
- The TRR proposal should account for the uncertain demand and supply of labour. No adjustments are needed to the TRR due to the impact of VTP and customer-initiated work on the availability of materials, outages and planning approvals

AusNet took several directions from the meeting including:

- Confirming the TSAP wants AusNet to further investigate contingent projects as a tool for managing deliverability risk
- Further refining the trigger/s for contingent projects based on the discussion today, including adding TSAP (or equivalent) engagement and AusNet's Board's commitment (and providing more detail on these processes and the Board's incentives, as the TSAP to test alignment to customers' interests)
- Confirming the TSAP thinks reprofiling the capex program to support deliverability sounds sensible and should be investigated
- Expanding the set of criteria the TSAP thinks should be used to make decisions on priortising and deprioritising (making contingent or deferring) projects. AusNet took actions to provide more detail on impacts on customers, safety risk, and political considerations/social licence as prioritisation criteria, and categorising "in-flight" projects as those where construction has started (which should not be deprioritised) as opposed to the design being completed or business case approved.
- The TSAP largely agreed with AusNet's suggested classifications for the capex projects, noting their support is contingent on AusNet providing the additional information requested and the TSAP validating the updated list in light of the extra information at the next session. TSAP members raised some additional considerations for specific projects in Newport, Terang and Ballarat.

The TSAP was provided with cost-benefit assessments of all AusNet's digital expenditure programs and discussed the two that represented the biggest change from business-as-usual operations – AEMS & Asset Management Field Enablement – in some detail to satisfy the TSAP on the need for these projects.

The TSAP also held a closed session (bumping the *Cost Allocation* item to the next meeting).

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Purpose & Agenda

AGENDA ITEM		TSAP WILL BE ASKED	LED BY	TIMING
1	**Introduction & expectations for engagement**	Do you understand the purpose of today's session?	**Glenn**	**9:00am** | 30 mins
2	**Role of the AER** | Comments + Q&A	Q&A to help you understand how the AER will assess the TRR proposal, the TSAP's input and their process once AusNet submits its proposal in October. Please bring your questions.	**Andreas & Kirk**	**9:30am** | 10 mins
3	**Role of the CCP** | Comments + Q&A	Q&A to help you understand the CCP's role. Please bring your questions.	**David & Glenn**	**9:40am** | 10 mins
	Break			*9:50am | 10 mins*
4	**Panel discussion on joint planning with VicGrid, AEMO & AusNet** | Q&A	Q&A to help you understand how AusNet, VicGrid and AEMO work together on Victorian transmission planning, and how well (or otherwise) our plans fit together. Please bring your questions.	**Liz, Alistair, Ashley & Glenn**	**10.00am** | 55 mins
5	**Deliverability update**	Do the findings of the deliverability assessment make sense, and appear to have been interpreted properly by AusNet?	**Dom, Nigel & Ruan (AusNet) + Tim & Louise (Zinfra)**	**10:55am** | 65 mins
	Lunch			*12:00pm | 30 mins*
6	**Risk allocation options**	Do you think AusNet should propose contingent projects? What should the triggers for contingent projects be? Do you support re-profiling the capex program?	**AusNet Reg Team (various)**	**12:30pm** | 60 mins
7	**Determining priority projects, and options for contingent projects and deferrals**	Deciding criteria to assess capex projects against, to help guide decision-making on projects to be prioritised, made contingent or deferred Sorting capex projects into the three "buckets" above.	**Tom & Glenn**	**1:30pm** | 60 mins
	Afternoon tea			*2:30pm | 15 mins*
8	**Digital expenditure**	Do you support the need for digital investment? Do you agree that the benefits of these digital investments to Victorians outweigh their costs?	**Ross, Martin & Laura**	**2:45pm** | 60 mins
9	***DEFERRED*** **Cost allocation**	Do you understand how transmission costs are allocated to customers in different parts of the state?	**Tom**	**3:45pm** | 20 mins
	ADDED **TSAP-only session**	*This session was added at the TSAP's request, and cost allocation deferred to the next meeting*	**Glenn**	**4:00** | 30 mins
10	**Wrap-up & next steps**	What would you like to see from AusNet?	**Glenn**	
				END BY 4:30PM

Summary of discussion

Topics	Discussion points
1. Introduction & expectations for engagement	Glenn Orgias, Chair of the Transmission Stakeholder Advisory Panel (TSAP) opened the session and provided an overview of the agenda. He introduced Matt Serpell of Jemena, a guest at the session. Tom Hallam, General Manager Strategy and Regulation (Transmission), provided some opening remarks about where we are at in the process. **Discussion included:** • Discussions AusNet has had with the Energy Users' Association of Australia and its members. Did they have thoughts on what projects should be prioritised/deferred? AusNet said they did not.
2. Role of the AER	Glenn welcomed Kirk and Andreas and thanked them for accepting the TSAP's invitation to speak. Kirk Zammit, Director in the AER Reset Strategy & Coordination team, introduced himself and Andreas Blahous, Executive Director of this team. Kirk noted the AER is looking to hear from the TSAP on: • How AusNet's engagement has gone – i.e. that it has engaged in the right way and on the right issues. • How well the Proposal reflects their preferences, as expressed through the engagement process. • Where they'd like the AER to direct its attention when assessing the Proposal. Kirk also spoke through the process the AER goes through when it receives the Proposal, notably publishing an issues paper in early Dec, then a public forum 10 days after. Kirk encouraged the TSAP to attend this session. **Q&A covered:** • **How the AER assesses networks' engagement,** and how AusNet compares to others. • **The AER's process timelines,** noting the AER's Final Decision is due end of January 2027. • **How the AER will reconcile AusNet's plans with the Victorian Transmission Plan.** The AER noted this will be in its issues paper. • **How sharply the AER wants the TSAP to focus on the TRR process, vs the broader context.** The AER said it welcomes the TRR's thoughts but will leave them out of the decision if out of scope. • **Whether the AER wants a direct relationship with the TSAP for its independent report,** with the AER noting it wants the TSAP to engage via AusNet. The AER said it doesn't require independent reports but invites the TSAP to make a submission. • **The trends the AER seeing in resets.** The AER noted it wants better supporting information (to reduce back-and-forth with networks), that there's been some issues with the CESS (noting it's less relevant to AusNet transmission), and that the quality of the proposal they get is the main thing and it's important to hear from consumers on capital and operating expenditure. • The TSAP noted they have access to AusNet's technical experts but would **find it very helpful to have access to the AER's technical experts through the process**, given they are not in a position to do the same technical assessments. The AER said it will flow its thoughts through the issues paper and draft decision, and that AusNet should pass this information onto the TSAP and check if it changes the TSAP's views, then record this in the Revised Proposal.

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3. Q&A with the AER's Consumer Challenge Panel	David Prins, AER Consumer Challenge Panel (CCP) member, introduced the CCP's role. The CCP has been operating for 12 years and currently has 5 people (13 at its peak). It was set up to give consumers a stronger voice in resets, at a time when consumers didn't have a strong voice and networks didn't have panels like the TSAP. David said the TSAP are not consumer "advocates" as such, but put a consumer perspective on things, and are deployed by the AER to give formal advice to the AER, mostly on how engagement has gone.
	
	Discussion included:
	
	• **What advice the CCP can provide to the TSAP on how the process is going.** David said he doesn't want to and shouldn't tell the TSAP how to think or what they should be doing, but shared thoughts on what the CCP could be thinking *about*, suggesting the TSAP could look at:
	  ◦ The AER's Better Resets Handbook – *Is AusNet meeting the requirements?*
	  ◦ The Engagement Institute's IAP2 spectrum – *Is AusNet keeping its promises and flowing the TSAP's input into the Proposal?*
	  ◦ The IAP2's Core Values and Code of Ethics.
	  ◦ The list of topics to engage on and criteria for what makes a good topic, developed by the TSAP at its first meeting.
	  ◦ Anything else the TSAP can think of to give themselves confidence they're participating in a good process.
	• **What sorts of things the TSAP, who are good consumer and community representatives but not technical regulatory experts, could give the AER in the absence of explicitly endorsing plans. Specifically, could the TSAP give the AER a set of the things they value (principles-based) and want the AER to uphold in its decision-making? Would the AER value this, or does it require something more concrete?** David agreed transmission is a lot more detailed than distribution but the TSAP can tell the AER whether its values and preferences were taken into account.
	• **Consumer vs customer – is there a difference, and how should the TSAP be considering it?** David said generally customers pay bills and consumers uses energy, and the AER prioritises consumers.
	• **Who the CCP represents,** with David noting the CCP doesn't operate in a vacuum and works to stay connected to customers' views but doesn't formally represent a specific cohort.
	• **CCP was one arm of the response to backlash against surging network costs. Any reflections on what has changed since then, and what still hasn't been addressed?** Way more engagement now. It used to be that the full proposal was the first thing the general public saw.

4. Q&A with VicGrid, AEMO & AusNet	Glenn Orgias chaired the panel discussion with Alistair Parker (CEO, VicGrid), Ashley Lloyd (GM Victorian Planning, AEMO) and Liz Ryan (EGM Transmission, AusNet). **Discussion included:** • **The "transition" term having become hyper-politicised,** panel member suggested we should be talking about keeping the lights on instead. It was noted that this framing must account for the differing experiences between rural and urban communities. The impact of outages varies significantly depending on location. With increasing electrification, power outages now affect more than just lighting, they disrupt businesses, essential services, and livelihoods, making reliability a critical issue for economic and social stability. • **Risk of project delays due to social unrest and activism,** this factor should be proactively considered in future planning and stakeholder engagement strategies. • **The potential to upgrade capacity of the REZ projects if needed?** There is scope for expansion, and VicGrid has become more transparent about the available capacity.

Community concerns have been raised regarding the additional 10-year horizon following the 2027 VTP, which could drive significant demand for increased REZ capacity.

- **Alignment of TRR and VTP projects from a deliverability perspective.** The panel noted they're not in competition but collaboration is essential to make sure the most critical projects are prioritised. VicGrid and AusNet said they're working together on deliverability analysis and shared some examples on how they've adapted their programs to find cost-saving and deliverability opportunities incl. scheduling work at South Morang, bundling procurement and others. It was agreed transparency is important going forward. VicGrid complemented AusNet's deliverability analysis, indicating that AusNet is more progressed on understanding this challenge and VicGrid will be learning from it as they extend their own.
- The **consequences of changes in one part of the network for other parts**, and the complexities posed by this.
- **The potential for tariff reform** to address rising Transmission Use of System (TUos) charges, particularly for load-only households. The Victorian pricing review starting next year was noted, which will include consultation on Victorian pricing and methodologies.
- **Growth of CER and potential to orchestrate – does this influence need for transmission? NSW looking to maximise generation (overbuild) rather than match demand. VTP's been designed to meet consumer demand which is good, acknowledging not all investments may be needed. Are we truly understanding growth of CER? How can we be sure we're getting the mix right?** VicGrid's demand forecasts have used AEMO's high penetration of solar and batteries assumptions but notes these are not being met.
- The potential to for **more distribution solutions and greater customer participation in future VTP processes** was discussed.
- The **high volume of data centre requests** across the three organisations, noting the challenge in distinguishing between serious proposals and general enquiries, but hoping not all are serious given Victoria's existing demand constraints. The opacity of the business models underpinning data centre proposals was also discussed.

5. Deliverability analysis

AusNet's Dom Holden, Nigel Turner and Tom Hallam spoke through and answered questions on AusNet's deliverability analysis.

Tom updated the TSAP on minor changes to the capex profile since the draft proposal. He then provided new analysis on the impact of cost escalation on the capex profile, which indicates that increased unit rates are creating a material contribution to the dollar value of the case. This analysis indicates that the true uplift in work volume is less than the headline increase in capex.

Dom took the panel through the findings of AusNet's deliverability analysis, which included an assessment of the TRR against the four deliverability challenges previously shared with the TSAP. Dom provided a live demonstration the underlying quantitative deliverability model.

The TSAP was joined by two representatives from Zinfra to talk through an example of changing practices to support deliverability.

The TSAP generally agreed with AusNet's findings that:

- **The TRR's programs and projects are deliverable on a standalone basis, based on the availability of labour, materials, outages and planning approvals.**
- **Additional VTP and customer initiated work, where AusNet's has limited control and visibility, create uncertainty for the demand for skilled electrical workers. There is also uncertainty in the supply of these skilled resources, as AusNet is undergoing effort to implement a new commercial model to increase enable delivery partners to 'resource up'.**

- **The TRR proposal should account for the uncertain demand and supply of labour. No adjustments are needed to the TRR due to the impact of VTP and customer-initiated work on the availability of materials, outages and planning approvals**

Discussion leading to this outcome included:

- Clarifying the three critical electrical roles (lineworkers, fitters and testers), their skills and expected utilisation across the period.
- Clarifying questions about delivery partners' capacity, and their desire for volume and commitment to support expanding their resource pool. Clarifying that there is headroom (but not in all years at present) for non-TRR projects, and that networks have good visibility over available resources and how they are allocated.
- Some scepticism about the accuracy of delivery partners' reported capacity, but AusNet confirmed many workers are sitting idle today, indicating spare capacity within AusNet's supply.
- How the "oversupply" of workers at present is reflected in prices.
- How data centres and their "non-traditional connections timelines" have been factored into deliverability. AusNet confirmed data centres will impact transformers and breakers, and agreed the discrepancy between data centres' short timelines and desire for speed and long lead-times for procurement is a pain point for them.
- What networks and delivery partners do on joint planning. The network representatives spoke through some examples incl. the TCPR. A TSAP member said this is great to see and should be highlighted, as it's not happening in some other states.
- Potential for insourcing, noting it is not a short-term solution and would be disruptive for the transmission business.
- Shifting risk allocation is a big focus for AusNet and a TSAP member questioned how much questioning AusNet is doing to assess broader risks in the operating environment – e.g. the potential that offshore wind does not eventuate. AusNet noted the VTP has the capacity and flexibility to change and reflect changes in the operating environment, and that the resources required for these changes are broadly the same as those for the projects in the Optimal Development Pathway.
- A distribution network participant noted they are expecting customer works to peak relatively early due to data centres, and another network participant said they are expecting strong growth in residential developments.
- Where workers will come from, who is growing the pool of workers, and the assumptions AusNet is making around movements of workers and competition for them. AusNet confirmed that workforces are bouncing between large transmission works, and moving across states. Delivery partners are keen to invest in growing their worker pools and are looking to resource-up to fill demand, but need certainty from the sector that the work will be there, as utilisation is very important to them.
- The TSAP was joined by Tim Byrne, GM Projects & Infrastructure and Louise Bishop, Operations Manager from Zinfra who spoke through a recent example – a fast time-frame, customer-initiated project in Altona – where the typical "minimising risk" approach was not appropriate but by working together, AusNet and Zinfra found some novel ways to speed up the project and increase the utilisation of field resources to minimise deliverability impact. Zinfra shared that this approach begins to give them the commitment required to increase resourcing allocated to AusNet, and they were interested in further exploring these options.
- A panel member questioned whether the natural consequence to working together means less competitive tension, and AusNet and Zinfra said it could be but the cost build-up uses a lot of known, competitively-gathered data which is essentially a benchmarking exercise. Zinfra also noted they have a strong incentive to be cost-competitive in order to keep winning work. They also noted that with scale and commitment, AusNet can get cost savings from being more collaborative. Delivery

partners can give better deals when they have more certainty. TSAP members variously commented that:

- Conceptually more collaboration makes sense but customers will always want AusNet to have proof of the net benefits.
- Customers want speed, not just lowest cost, and the time savings were considerable.

- A TSAP member questioned what business models AusNet could explore to improve deliverability. It was noted that delivery partners are open to exploring different business models incl. alliances and JVs to give themselves and AusNet more certainty and find more efficiencies. Zinfra responded that they are interested in these models with AusNet, as they would keep resources busy. Zinfra see no barriers to engaging in these models with AusNet.
- That there is uncertainty on both the demand and supply sides, which should be acknowledged in the TRR proposal.

6. Risk allocation

AusNet's Tom Hallam introduced the three items in this section:

- TSAP feedback and support or otherwise on the concept of contingent projects as a tool to address deliverability risk – that is, the risk that AusNet cannot deliver all economically justified projects within the regulatory period, and customers potentially paying for these if they were kept in the Proposal.
- TSAP thoughts on triggers and governance for contingent projects.
- TSAP feedback and support or otherwise on the concept of re-profiling capex across the regulatory period to support deliverability.

The TSAP was asked if it wants to explore contingent projects further as a tool to manage deliverability risk. It was generally accepted by the TSAP that contingent projects are a reasonable tool, particularly if it gives AusNet additional flexibility, for example to re-prioritise projects and incorporate customer-initiated works – a major concern of the distribution network participants. Discussion leading to this conclusion included:

- How different buckets of work are prioritised – e.g. replacement work vs customer-initiated work – confirming that contingent projects may give extra flexibility to prioritise projects within the regulatory period.
- Confirming customers *may* pay too early and too much if AusNet includes all projects in the Proposal but can't deliver them, which could potentially happen if the AER doesn't make adjustments. Contingent projects would avoid this happening (i.e. customers only pay if AusNet delivers).
- How collaborative is the AER on the triggers and whether they would help AusNet and the TSAP design them. AusNet noted the AER would say if it did not think the triggers would work and give feedback, but would not help with the design. Rather, that is for AusNet and the TSAP to work together on.
- That projects need to be of a certain size ($30m+) to be contingent.
- The infeasibility of splitting projects up due to a) administrative burden for the AER and AusNet b) RIT-T requirements and c) the assumption that businesses can manage smaller projects and prioritise within their existing revenue allowances.
- How the AER might react to contingent projects and triggers. AusNet said that if AusNet and the TSAP agree projects should be made contingent but the AER disagrees with contingent projects as a tool to manage deliverability risk, AusNet would put them into the Proposal.
- Several TSAP members tabled an alternative – AusNet doing the projects anyway and relying on approval of capital over-spend through a Capital Efficiency Sharing Scheme (CESS) ex-post review, as some other networks do. AusNet said it would not

overspend and would take the network risk instead, as the risk of the AER not approving the spend is too great.

- A TSAP member stressed the contingent project process could not jeopardise projects with long lead-times.
- What deferring a project, by a contingent project trigger not being pulled, would mean for the project, clarifying it would be re-scoped and re-proposed in the next TRR. A participant suggested that increased maintenance schedules would be needed to manage short-term risk, adding to cost, which AusNet agreed may be true.
- Clarifying that if AusNet delivers all contingent projects, the risk and cost-allocation outcomes are the same as if the projects were included in the TRR.
- A suggestion that projects being made contingent by AusNet then put into VicGrid's Victorian Transmission Plan would be a terrible outcome, as they like the AER's scrutiny. AusNet said it does not expect its projects to go into the VTP due to the joint planning arrangements in place.
- Confirming the uncertainty is whether AusNet can deliver the work. A TSAP member noted that economic timing and delivery timing do not always match.

The TSAP was asked what trigger might be suitable for the TRR2027-32 contingent projects, after AusNet shared some options it had identified. The TSAP confirmed they would like engaging with them (or an ongoing BAU TSAP-equivalent) to be a hurdle and that, pending more discussion, AusNet Board approval including committing funding and satisfying the Board could be the primary trigger, but the TSAP would need to be satisfied that AusNet's Board's interests and customers' interests are aligned (including that the project is not costing any more than it needs to and delivery partners having capacity). Discussion leading to this conclusion included:

- A TSAP member said they thought AusNet Board approval is really important – *"If we're going to approve consumer funds for it, you also need to commit equity/funds for it."*. There was discussion about what goes into Board papers and what they prosecute when making decisions. The TSAP indicated they need to be convinced that AusNet's Board's checks align with customers' interests. AusNet has taken an action to put this on the next TSAP agenda, and have the Board and TSAP speak directly on it.
- Another member said the trigger needs to be clearly linked to AusNet having the resources and people to commit to the project.
- There was lengthy discussion about contingent projects vs Proposal projects, and how prioritisation would work within the regulatory period, covering:
    - AusNet confirming that Proposal and contingent projects can be traded-off and re-prioritised within the regulatory period and inviting more discussion, as this is something the AER would likely value the TSAP's views on.
    - A TSAP member said that AusNet would need to measure risk and demonstrate that risk on contingent projects is greater than the non-contingent ones. AusNet said it should be able to defer non-contingent projects based on risk (causal link).
- A suggestion that a hurdle trigger be AusNet demonstrating it is not jeopardising other more important work based on resourcing, and that the performance of the broader portfolio needs to be considered. There was general support that satisfying the TSAP or an equivalent on the need for contingent projects be a hurdle trigger.
- Delivery partner commitment to provide resources for the project is useful, but that it could be part of the Board commitment process rather than a standalone trigger.
- One panel member said they don't like signed approval from a delivery partner as a standalone trigger, but another suggested that multiple quotes would be in customers' interests, to demonstrate AusNet is not paying a premium. AusNet said this

process could be worked into the Board papers, which would be made available to the AER in their assessment.

The TSAP was specifically asked whether it supported reprofiling the capex program to support deliverability, factoring in VTP projects. The TSAP confirmed it thinks re-profiling is appropriate, and AusNet took an action to look into reprofiling and share the outcome at the next TSAP meeting. Discussion leading to this outcome included:

- Frontloading line replacements will benefit both AusNet and consumers, a TSAP member raised the latter and explained it will mean there's more lines viable in the wholesale market and there will be less constraints on generation in the future.
- A TSAP member was pleased to see reprofiling being discussed, as it shows deliverability is a really serious issue and needs to be addressed.
- Cautioned AusNet that along with reprofiling moving, as will connections and VTP profiling, these will need to be balanced.
- Confirming the tariff structure remains smooth throughout the reprofiling process.
- AusNet will be addressing labour deliverability through the lines reprofiling and will handle risk on the station projects.

7. Prioritising, making contingent or deferring projects

Tom Hallam introduced this critical agenda item. It was made clear that AusNet Board and Management remain solely responsible for the performance of the network and investment decisions, this burden is not being shifted to the TSAP. Therefore, AusNet is seeking clear unconstrained advice on how the decision to prioritise, make contingent or defer projects should be made, then b) which "bucket" projects should be placed in based on these criteria. Tom noted AusNet has provided its views and done some assessment to support the TSAP's deliberations but wants and expects to be challenged, and for the TSAP to add more considerations. Tom committed AusNet to presenting a response to the TSAP's preferences at the next TSAP meeting. **The TSAP agreed with the prioritisation criteria AusNet posed, being that projects that are in-flight, are required to manage crucial network risks, are compliance obligations, or have been agreed through joint planning are poorer candidates for deprioritising. It was agreed that projects with more deliverability constraints make better candidates for contingent projects or deferrals. The TSAP added net benefits to customers, safety risk, and political considerations/social licence as prioritisation criteria, and "in-flight" projects where construction has started should not be candidates for potential deferral (i.e. should not be made contingent).** Discussion leading to this outcome included:

- Discussing again how customer connections are factored in, noting this is essential for the distribution networks. AusNet stressed that this exercise is about prioritising the whole capex program and by choosing which replacement projects are in/out, the TSAP is deciding what headroom and flexibility to leave for other activities including customer-initiated works. The distribution businesses expressed a preference for AusNet to have a bucket of contingent projects that could be prioritised/deprioritised based on other work in the pipeline (incl. customer-initiated works).
- Adding net benefit to customers as a prioritisation criterion. AusNet took an action to provide more detail on this at the next meeting.
- Confirming "network risk" includes reliability and resilience. Another TSAP member suggested network risk be weighted highest.
- A TSAP member said they expect AusNet's Board will prioritise compliance as a hurdle.
- "In flight" projects should be prioritised, with in-flight defined as a project in construction (i.e. irreversible) but not "in design" or "post design" when the costs of stopping are a lot lower.
- A TSAP member said joint planning involves external eyes and keeping others accountable.
- A TSAP member said safety risk needs to be another prioritisation criteria.

- Is the reg framework fit for purpose? A panel member posed this question and said the fragmented planning is exposing flaws. AusNet noted it is looking at physical constraints rather than regulatory constraints today.
- Political lens (social licence) should be added.

The TSAP largely agreed with AusNet's suggested classifications but raised some additional considerations for certain projects. They noted their support is contingent on AusNet providing more information on criteria they added – namely net benefits/impacts to customers (e.g. there may be outages, injuries etc), the political lens and safety considerations – and responding to the action items against the projects in Newport, Ballarat and Terang noted below. AusNet took an action to add the additional information in and better contextualise each project being sorted into the buckets for the TSAP to review again, and validate at the next meeting. AusNet also took an action to add total cost to the pack. Discussion on specific projects is outlined below:

- **NPSD 220 kV GIS Replacement**: The TSAP raised concerns about maintenance at NPSD being deprioritised given it is a generation station and is heavily relied upon, and has been used for system strength in the past. A TSAP member said NPSD may be an option to bring in another gas-fired generator to given it has a spare bay, with AusNet noting the current switchyard condition could not support this until replacement was undertaken. It was agreed NPSD 220 kV GIS Replacement could only become contingent pending AEMO's advice on system strength and voltage control risks and re-consulting the generator, which AusNet took as an action to obtain.
- **DDTS H3 330/220kV Transformer & Circuit Breaker Replacement:** Support for making this a contingent project, provided it met the $30m materiality threshold.
- **GTS B4 Transformer and Switchgear Replacement:** Following discussion about AusNet's readiness to switch over to a spare and Geelong's load being below n-1, it was agreed the GTS project is a good candidate to be made contingent.
- **MWTS 66kV Circuit Breaker Replacement:** The TSAP noted this project is potentially below the materiality threshold, and addresses a small but high-consequence risk of explosion. It was lower priority for contingent projects.
- **BATS B2 Transformer Replacement:** Several TSAP members raised concerns about deferring the BATS project on the basis of load-shedding risk, social licence (particularly given the relationship with the WRL project), and metro-regional inequity. There is an action to seek more advice from Powercor on load-shedding risk ahead of the next meeting. It was a lower priority candidate for contingent projects.
- **TGTS B2 Transformer Replacement:** Clarifying the $3m is just the front end of the project (not the total cost). It will mostly be done in 2032-37 reg period, which makes it a candidate for deferral given it is starting at the very end of the regulatory period.
- **Spare 225MVA 220/66kV Transformer Procurement:** Noting that AusNet has some spares and this project may drop out, pending customer-initiated works.
- **MLTS 500kV Reactor replacement:** Noting that this project may drop out, pending AEMO augmentation plans.

8. Digital

AusNet's Ross Dunbar introduced this agenda item. Ross noted the pack steps through the cost-benefit assessments for each of AusNet's digital projects, and that if the TSAP doesn't have anything in particular they want to discuss, it suggests Advanced Energy Management System (AEMS) and Asset Management & Field Enablement (AMFE) which are the two largest projects that are out of step with historical spend, noting cybersecurity was covered in detail in June.

Martin Cavanagh and Laura Walsh joined Ross, speaking to the need for the AEMS and AMFE projects, and what it will mean in practice for AusNet's team and customers, and how the programs fit together.

	Discussion on AEMS included: • Confirming AusNet talks to other networks about the systems they are using and investigating to learn from them, and help determine needs and assess options. Networks also work with AEMO which has a technology plan to manage power system security and what it needs from networks over time. AusNet noted AEMO does not direct networks as typically that has not been needed for digital investments to be approved but AEMO has provided letters of support from time-to-time. • A number of initiatives involve DNSPs. Confirmed the impact is largely about maintaining a secure boundary, and the impacts on the DNSPs will be low. • Explained the delineation of responsibilities between TNSPs and AEMO. • The importance of detecting oscillation, which was the cause of the Iberian Peninsula outage in early 2025 and other Australian networks have seen recently, noting AusNet does not currently have the capabilities to monitor oscillations. • A panel member noted "Do nothing" does not look credible and questioned how AusNet comes up with the options. • AusNet confirmed it provides cost benefit modelling for all options to the AER but these figures have not all been finalised yet. • Confirming the probably of a system black event that AusNet has assigned to Option 2 is 1-in-200-years (up from 1-in-100 without). • The difficulties getting stakeholders and customers excited about risk reduction in engagement programs. • The potential benefits to connecting parties. AusNet said it would help its connections team and developers understand the technical envelope much better. **Discussion on Asset Management & Field Enablement:** • Confirming data interrogation is manual and as-needed – not strategic or proactive. Clarifying AusNet will not go back and sanitise all data but it will be greatly improved going forward. • Confirming costs are roughly 50/50 on data management and analytics. • The difficulty "proving" benefits of digital expenditure. • There are more things and context AusNet should put in its assessments and business cases for the AER to consider in its decision-making, including future-proofing and qualitative considerations, such as not spending lines engineers time (a precious resource!) on data entry and cleansing. • Confirming efficiencies would be realised in the upcoming reg period, and deferrals in the following reg period.
9. TSAP-only session (replacing the deferred *Cost allocation* item)	The *Cost Allocation* agenda item was deferred and replaced with a TSAP-only check-in at the TSAP's request. AusNet staff and all observers left for the TSAP-only session and the recording was stopped.
Wrap up	Glenn Orgias thanked attendees for their participation and closed the meeting.

AusNet

Action items

	Action	Assigned to	Status	Due
1	AusNet to refine the potential trigger/s for contingent projects for further discussion at the next meeting, which will include a session with AusNet's Board.	AusNet	Underway	18 Sep 25
2	AusNet to investigate capex re-profiling further and present this at the next meeting	AusNet	Underway	18 Sep 25
3	AusNet to update the list of capex projects and their classifications into prioritised, made contingent and deferred based on the discussions today, for validation at the next meeting. AusNet will add in: • Clearer articulation of the net benefits and impacts for customers • Safety risks • Political and social licence considerations • Total cost of projects (in addition to TRR2027-32 costs) Confirmation that "in-flight" projects refers to only those where construction has started.	AusNet	Underway	18 Sep 25
4	With regard to potentially deferring the NPSD 220 kV GIS Replacement project: • Seek AEMO's advice on system strength and voltage control risks • Re-consult the affected generator on the risks of deferring these works.	AusNet	Underway	18 Sep 25
5	Seek advice from Powercor on load-shedding risk of deferring the BATS B2 Transformer Replacement project ahead of the next meeting	AusNet	Underway	18 Sep 25
6	Adding in more contextual, future-proofing and qualitative information to the Digital business cases for the AER's consideration.	AusNet	Underway	18 Sep 25