



1 December 2025

Ms Clare Savage
Chair
Australian Energy Regulator
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Dear Ms Savage,

AusNet Services – Electricity Distribution Price Review 2026-31 – Revised Proposal

Please find attached AusNet's Electricity Distribution Revised Revenue Proposal for the regulatory control period 1 July 2026 to 30 June 2031. This constitutes our response to the AER's Draft Decision and reflects the constructive guidance from the AER team and our shared commitment to delivering efficient, customer-centred outcomes over the next regulatory period.

The submission and supporting material have been submitted via the AER's secure document portal.

The AER's Draft Decision raised many pertinent issues and contained requests for further technical information to support our expenditure forecasts. We have responded carefully to these and have made sure that the Revised Proposal fully addresses the AER's concerns and provides the requested information.

Our Revised Proposal includes slightly moderated revenues and expenditure forecasts compared to our Initial Proposal, specifically a \$57m (1%) reduction in revenue, \$88m (3%) reduction in capex and a \$76m (5%) reduction in opex. Our Revised Proposal would lead to a 7% real reduction in bills by 2031 for residential customers. We are confident our Revised Proposal demonstrates a balanced, forward-looking approach that supports customer affordability while enabling the network to remain safe, reliable and ready for the future.

Our Initial Proposal was tested in detail with customers, and we found broad support for the price-service balance proposed. While we have had some discussions with customers to inform our Revised Proposal positions, we are not relying solely on customer support to evidence the need for proposed expenditure. The main drivers of our revised proposal remain the need to meet demand growth, particularly in the Melbourne growth corridors, and to continue to service the high rates of electrification we are seeing in Victoria, where networks are already very heavily utilised. Managing an ageing asset base, particularly at a time when our assets are under stress from higher maximum and lower minimum demands, and building network resilience to climate events, are also key drivers of our investment requirement.

We intend to continue to improve network utilisation to the degree possible through our tariff offerings (which comply with Victorian Government's policy direction), delivering flexible exports and procuring flexible demand services from large customers. This will lower costs to customers over the longer term.

Where the AER has indicated specific expenditure is not supported by the Rules, including an allowance to improve regional reliability and sub-transmission investment to unlock large renewables, we have not re-proposed this.

Given the ex-post review provisions in the Rules materially change the risk profile of investment undertaken above the expenditure allowance set, it is critical that sufficient funding is allowed to meet expected demand for our services over the next regulatory period.

Finally, I'd like to thank the AER team for their constructive engagement with AusNet's team over the course of the review process. Our team is available to answer questions and work constructively with the AER teams to assist its assessment prior to the Final Decision on 30 April 2026.

Sincerely,

David Smales
Chief Executive Officer
AusNet Services