

**NATIONAL ELECTRICITY RULES
CLAUSES S6.1.1(5) AND S6.1.2(6)**

**CERTIFICATION OF REASONABLENESS OF KEY ASSUMPTIONS THAT UNDERLIE CAPITAL
EXPENDITURE AND OPERATING EXPENDITURE FORECASTS**

I certify that on 24 November 2025 the Directors of CitiPower Pty Ltd (ACN 064 651 056) passed the following resolution.

It was resolved to:

1. certify, in accordance with clause S6.1.1(5) of the *National Electricity Rules*, the key assumptions that underlie the capital expenditure forecast for CitiPower are reasonable; and
2. certify, in accordance with clause S6.1.2(6) of the *National Electricity Rules*, the key assumptions that underlie the operating expenditure forecast for CitiPower are reasonable.

The key assumptions that underlie the capital expenditure and operating expenditure forecasts referred to above are attached to this certification.



Tim Rourke

Chief Executive Officer

CitiPower Pty Ltd

26 November 2025

Material assumptions for the revised regulatory proposal

#	ASSUMPTION	SUPPORTING EVIDENCE
1	Revised regulatory proposal incorporates stakeholder engagement feedback	- Completed targeted customer engagement programs, including research studies (customer willingness to pay and understanding electrification of agriculture), surveys (public lighting and impacts of undervoltage) and vulnerability engagement forums - Partnered with an independent market research and community engagement firm to ensure design and implementation of engagement sessions were conducted in accordance with best-practice engagement techniques - Utilised the skills and experience of the Customer Advisory Panel, including independent Chair and Deputy Chair, to advise on customer research and ensure the diverse and changing needs of our customers were properly understood, balanced and reflected in business plans
2	Expenditure forecast methodologies are consistent with and/or have regard to relevant AER guidelines	Business cases have been developed based on the following AER guidelines: - Industry practice application note on asset replacement planning - Guidance note on non-network ICT capex forecast assessment - Guidance note on network resilience - Distributed energy resources integration expenditure guidance note - Expenditure forecast assessment guideline - Better resets handbook - Connections charge guideline
3	Real escalation reflects forecast expectations of labour and non-labour growth and are developed consistent with AER expectations	- Real labour price growth has been forecast using an average of two Victorian-specific utilities industry wage price index growth forecasts (including Oxford Economics Australia forecast for Electricity, Gas, Water and Waste Services, and the AER's equivalent forecast from its most recent decision). This labour growth escalation has been applied to both internal and external labour forecasts - Real materials price growth of zero has been applied for the 2026–31 regulatory period

Material assumptions for the revised regulatory proposal

#	ASSUMPTION	SUPPORTING EVIDENCE
4	Demand forecasts represent realistic expectations of growth	• Demand forecasts have been determined using sophisticated modelling tools (developed by Blunomy) relied upon for internal planning purposes • Data inputs reflect key AEMO assumptions, smart meter data and publicly available Government forecasts
5	Economic assessments are based on well-accepted value frameworks	The quantification of benefits across our business case and risk models primarily rely on the following economic values: • Value of customer reliability (determined by the AER) • Value of network resilience (determined by the AER) • Value of emissions reduction (determined by the AER) • Customer export curtailment value (determined by the AER) • Customer values determined based on in-depth customer survey analysis • Value of statistical life based on published Australian government advice • Discount rate reflects expectations of returns consistent with the level of risk for a regulated distribution network
6	Discount rates in economic analysis are relevant to the investment	
7	Asset management strategies and associated investments are appropriate to meet the capital expenditure objectives of the Rules and any regulatory obligations	• Asset management framework aligns with the requirements of ISO 55001 • Forecast for major plant and equipment are primarily based on a risk monetisation approach that identifies the lowest long-term cost to customers • Forecasts for routine replacement of high-volume equipment, such as poles and wires, are primarily forecast based on historical average, observed defects/failure trends and/or statistical forecast methods that reflect prudent asset management practices • Unit rates are based on audited historical RIN data or observed actual costs for similar works • Asset class overviews are provided for all replacement expenditure categories, and include business cases for key projects

Material assumptions for the revised regulatory proposal

#	ASSUMPTION	SUPPORTING EVIDENCE
8	Network planning strategies and associated investments are appropriate to meet the capital expenditure objectives of the Rules and any regulatory obligations	- Network augmentation is based on demand forecasts that represent realistic expectations of growth and/or compliance obligations, and assessments of alternative options (including the potential for non-network solutions) - Forecast network constraints are consistent with those published in our Distribution Annual Planning Report, as applicable - Corresponding business cases are provided to support key projects - Forecasts include investments to comply with ongoing obligations to maintain security of supply in Melbourne's CBD
9	CER integration and electrification strategies, and associated investments are appropriate to meet the capital expenditure objectives of the Rules and any regulatory obligations	- Our CER integration and electrification strategy is based on realistic expectations of CER uptake from AEMO scenarios and/or compliance obligations - Expected customer outcomes reflect customer service level expectations informed by our stakeholder engagement program
10	Customer connection expenditure reflects economic activity and costs recoverable over all customers	- Volume forecasts for residential and commercial connections are based on audited historical RIN data, with growth rate forecasts prepared independently by Macromonitors - Contribution rates reflect recent historical data and forward-looking expectations for data centres - Data centre forecasts are based on our existing pipeline of connection applications and applying the AERs recommended methodology
11	ICT strategies and associated investments are appropriate to meet capital expenditure objectives of the Rules and any regulatory obligations	- Recurrent ICT investments are consistent with historical costs for maintaining existing functionality - Non-recurrent ICT are based on detailed risk assessments and supported by business cases - Non-recurrent ICT includes investments to comply with ongoing market reforms, replace our existing billing system and uplift cyber security

Material assumptions for the revised regulatory proposal

#	ASSUMPTION	SUPPORTING EVIDENCE
12	Property and fleet strategies, and associated investments are appropriate to meet capital expenditure objectives of the Rules and any regulatory obligations	Property and fleet investments are consistent with historical expenditure and/or are supported by business cases
13	Operating expenditure forecasts have been developed consistent with standard AER methodologies, including the base-step-trend approach	- Proposed base year is FY25, which will represent the most recently audited RIN data available at the time the AER makes its final decision - Real escalation and output growth are applied to the base year - Proposed step changes reflect compliance obligations, capex/opex substitutions and changes in operating factors - Productivity adjustment of 0.5% per annum has been applied, consistent with recent AER decisions
14	Output growth applied to operating expenditure is consistent with standard AER methodologies and based on the AER's annual benchmarking report	- Demand growth based on Blunomy outputs - Customer number growth based on AER draft determination forecasts - Circuit line length growth based on historical audited RIN data