

Electricity Distribution Price Review FY2027 to FY2031 (EDPR 2027-31)

Resubmission Addendum: Asset Management

Date: 1 December 2025



Table of contents

Executive Summary	4
1. AusNet's Proposal and AER Draft Decision	5
1.1. Initial Submission Summary	5
1.2. AER Draft Decision feedback	6
2. AusNet's Revised Proposal	7
2.1. Updated Program Scope	7
2.2. Program Delivery and Dependencies	8
2.3. Revised Program Costs	9
2.4. Updated Program Benefits	10
3. Evaluation of Options	12
3.1. Option 1 – Uplift foundational data and systems capabilities only	12
3.2. Option 2: Capability uplift to good industry practice	12
3.3. Preferred Option	13
4. Appendix	14
4.1. Cost Estimate Breakdown – Asset Data Remediation	14

Document history

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27/11/2025	V2.0	Updated for final review
01/12/2025	V3.0	Final business case document

Related documents

DOCUMENT	VERSION	AUTHOR
Wipro - Cost Estimation Report	V1.0	Wipro
Revised Proposal Digital Program NPV Model	V2.0	AusNet Services

Approvals

POSITION	DATE
Digital & Technology – Strategy, Regulatory and Partner Management	November 2025
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Executive Summary

The Asset Management program is AusNet's non-recurrent expenditure to enhance our analytics, risk management and decision-making capabilities of our asset management practices. To manage our ageing infrastructure effectively, AusNet have identified specific needs to invest in data-driven asset management capabilities, including further assessing asset health and performance, enabling predictive asset maintenance, improving maintenance program optimisation and potential future capex deferrals.

AusNet's initial's proposal included \$79.3m capex and \$3.4m opex (\$real 2026) for the asset management program. The AER's Draft Decision accepted that there was an identified need, however did not approve proposed expenditure. The Draft Decision included a \$31.7m adjustment to capex and removal of program opex as detailed in **Table 1** below.

Table1 - AER Alternative Forecast Expenditure (\$m, real FY2026)

Cost item	Initial Proposal	AER Alternative	Adjustment
Capex	\$79.3m	\$47.6m	-40%
Opex	\$3.4m	\$0.0m	-100%

The AER's Draft Decision details reasons for these adjustments, which AusNet has addressed in our Revised Proposal.

AER Draft Decision Feedback	How this has been addressed in AusNet's Revised Proposal
While agreeing with identified need, breadth of scope and costings are not justified, AusNet should rescope and provide stronger costings	<ul style="list-style-type: none"> AusNet has reevaluated the scale and scope of the asset management program, with revised proposal representing more targeted and highest value scope We engaged Wipro to provide cost estimates for program initiatives leveraging their in-house experience and industry expertise
Marginal NPV for this project of \$0.1m on an investment exceeding \$70m, which does not sufficiently justify the spend. A more focused project could likely achieve most benefits at a lower cost.	<ul style="list-style-type: none"> Revised proposal has reduced the program scope and deferred initiatives such as digital asset monitoring. Initiatives have been rescope to target highest cost-benefit outcomes, and benefit quantification has been revalidated
Option assessment did not adequately justify its proposal, as it failed to explore more targeted approaches.	<ul style="list-style-type: none"> Incorporating refined program scope, in revised proposal AusNet has evaluated the cost-benefit from alternate scales of program implementation in the FY2027-31 regulatory period
Allocation of project costs between AusNet's distribution, transmission and gas network businesses	<ul style="list-style-type: none"> AusNet's initial proposal reflected only distribution network allocated costs, as per our Cost Allocation Methodology. Distribution related allocations have been more clearly documented in our revised proposal

In addressing the AER's Draft Decision feedback, AusNet evaluated two options for the Revised Proposal program. These options assessed the relative cost and benefits from two alternative program scopes. The results of this assessment are details in **Table 2**, with the preferred Option 2 providing the highest NPV.

Table 2 – Options assessment results (\$m, real 2024, distribution network cost allocation)

#	OPTION NAME	COST (TOTEX \$M)	NPV (\$M)	PREFERRED
1	Uplift foundational data and systems capabilities only	\$23.9m	\$4.0m	No
2	Capability uplift to good industry practice	\$49.5m	\$8.2m	Yes

Based on this assessment, AusNet's Asset Management revised proposal represents \$48.9m capex, and \$0.6m recurrent opex for incremental licencing and support (\$real 2024). All costs represent distribution network allocation. Expenditure profile through the RY2027-31 regulatory period is detailed in Table 3 below. Recognising the maintenance cost efficiencies forecast from this program, AusNet's revised proposal is not requesting opex step change for this program.

Table 3 - Forecast expenditure for Option 2 (\$m real 2024, distribution network allocated costs)

Cost item	FY2027	FY2028	FY2029	FY2030	FY2031	Total
Capex (implementation)	\$4.3m	\$4.3m	\$9.9m	\$14.8m	\$15.6m	\$48.9m
Opex (licencing & support)	-	-	-	-	\$0.6m	\$0.6m
Total	\$4.3m	\$4.3m	\$9.9m	\$14.8m	\$16.2m	\$49.5m

1. AusNet's Proposal and AER Draft Decision

The effective management of our aging assets through digital tools is essential to effective risk management, asset planning, and operations and customer outcomes. With the increasing standards, rising customer expectations, and a complex, ageing network, ongoing investment is needed to maintain resilience, safety and quality service.

This section summarises AusNet's initial FY2027-31 regulatory period proposal for Asset Management investments; the digital tools use to help enhance our asset management systems, improve analytics, and strengthen condition-based monitoring of asset performance and health. Also detailed is the Australian Energy Regulator's (AER's) Draft Decision, alternative forecast, reasons for adjustments to AusNet's proposal, and feedback to be addressed in revised proposal.

1.1. Initial Submission Summary

AusNet's initial proposal identified the following gaps in our asset management capabilities that require investment to remediate:

- Lack of integration and connectivity across asset data systems
- Instances of incomplete or incorrect asset records (historic records including as-built drawings)
- Asset risk and investment modelling tools are disaggregated and inconsistent across the business
- Manual data capture and processes are used to ensure that appropriately skilled and qualified staff are deployed in the field for each job
- AusNet currently use fixed, time-based maintenance schedules for all assets, but shifting to condition-based maintenance could optimise activities, extend service intervals, and improve efficiency

To address these needs, AusNet's Initial Asset Management proposal comprised of 11 initiatives to be undertaken in the FY2027-31 regulatory period to enable to improve asset risk monitoring, operational efficiency and asset data accuracy.

- **Digital Asset Monitoring:** Deploying digital sensors on high-value assets to provide live condition monitoring data integrated into (C-I-C) and SCADA systems. This digital solution enables real-time asset health analysis and predictive maintenance planning to enhance safety, resilience and network performance.
- **Integrate industry asset management models:** Incorporating industry best practice risk framework and models into enterprise systems, aligning asset management planning with AEMO standards and ensuring consistent, credible asset lifecycle decision-making.
- **Enhance Maintenance Planning:** Implement an Asset Performance Management (APM) system that incorporates asset condition data, asset performance data, Asset Risk Management (ARM) models, and AI to predict the likelihood of a problem before it occurs, to inform and optimise maintenance planning / opex and the potential to inform capex planning / timing.
- **Enhance asset risk framework:** Digitising and automating asset risk calculations by integrating condition and quality data into centralised risk models/platform, supporting smarter, data-driven capex decisions and regulatory alignment through frequent, structured ARM cycles
- **Service & Project Delivery Collaboration:** Implementing digital collaboration tools (e.g. (C-I-C) for iterative design and construction workflows, enabling real-time markup, version control, and improved coordination with delivery partners across lines of business.
- **ERP Improvements:** Upgrading and integrating asset-related processes in (C-I-C) to enhance asset data management, and streamline workflows across finance, procurement, human resources, and asset management to support business decisions and efficiencies.
- **Automation and Integration of ARM Decisions:** Automating and integration of ARM outputs into (C-I-C) Asset Performance Management, transitioning from manual excel-based processes to unified digital systems (C-I-C) for improved work order management.
- **Revise/Enhance Asset Risk Models:** Migrating asset risk models from shared drives/Excel to live, maintainable systems within (C-I-C), establishing version control and enabling continuous improvement across asset classes.
- **Skills Management:** Developing a centralised database to map and manage staff skills, qualifications, and licences for efficient crew assignment, compliance, and alignment with asset management plans.

- **Advanced Knowledge Management:** Creating a dedicated digital tool for version-controlled management and retrieval of asset risk models, manuals, and technical documents, enhanced with AI-powered search and knowledge exploration.
- **Asset Data Remediation:** Reviewing, validating, and enhancing asset characteristic and condition data within existing core systems, deploying field crews and automated checks to establish trusted, structured, accurate data for improved reporting, analysis, and operational risk mitigation.

The quantified benefits of these initiatives was assessed as reduction in forecast maintenance costs and improved employee productivity. Based on assessment of alternate architectural implementation options, recommended expenditure was \$71.5m capex and \$3.2m opex for incremental ongoing licences and support, as shown in **Table 4** below (\$real 2024 and representing distribution network allocated costs).

Table 4 - Initial Submission Forecast Expenditure (\$'million, real FY24)

Cost item	FY2027	FY2028	FY2029	FY2030	FY2031	Total
Capex	\$3.1m	\$17.1m	\$15.6m	\$19.9m	\$15.8m	\$71.5m
Opex	-	-	\$0.5m	\$1.4m	\$1.4m	\$3.2m
Total	\$3.1m	\$17.1m	\$16.0m	\$21.3m	\$17.2m	\$74.7m

1.2. AER Draft Decision feedback

The AER's Draft Decision did not accept AusNet's Asset Management program. The AER's alternate forecast reduced program capex by \$31.7m (\$real 2026) and removed the proposed opex step change, as shown in **Table 5**.

Table 5 - AER Alternative Forecast Expenditure (\$m, real FY2026)

Cost item	Initial Proposal	AER Alternative	Adjustment
Capex	\$79.3m	\$47.6m	-40%
Opex	\$3.4m	\$0.0m	-100%

The AER Draft Decision agreed that there is an identified need for the Asset Management program. However, the Draft Decision, and EMCa consultant report, provided feedback that re-evaluation of a more focused cost-benefit program was required, per below:

- The project proposed by AusNet with the breadth of scope and costings are not justified. AusNet should rescope and provide stronger costings
- Marginal NPV for the project of \$0.1m on an investment exceeding \$70m, which does not sufficiently justify the spend. A more focused project could likely achieve most benefits at a lower cost.
- Option assessment did not adequately justify its proposal, as it failed to explore more targeted approaches.

Additionally, the AER provided feedback on the overall ICT program, which is relevant to the Asset Management program:

- Business cases provide only brief descriptions and do not include robust evidence to justify the need for each initiative within the proposed scope.
- Limited clarity regarding functional requirements, available technologies, and alignment with business needs, suggesting low project maturity.
- The approach to cost estimation do not appear to be based on bottom-up cost calculations and are not informed by market-tested sources such as vendor quotations or benchmarked industry pricing.

2. AusNet's Revised Proposal

To address the AER's Draft Decision feedback, AusNet's has re-evaluated the target scope, business benefits and cost estimates for Asset Management program initiatives. This section details these revised proposal changes, along with specifically addressing the Draft Decision feedback.

2.1. Updated Program Scope

AusNet has acknowledged AER's and EMCa's feedback and revised our proposal to address the identified gaps and strengthen the overall program justification. In response to concerns on program scale and economics, we have refined our scope to prioritise only the highest value-adding components. As such, we have adopted a targeted approach that focuses on critical capabilities while allowing lower-priority initiatives to be deferred to the next regulatory period.

As a result of this assessment we have deferred digital asset monitoring out the FY2027-31 proposal period, and consolidated and optimised asset risk management initiatives to focus on highest value asset classes (rather than all asset classes). The resulting revised proposal scope is detailed in **Table 6** below, along with additional detail as to the scale and maturity of each initiative.

Table 6 – Revised Program Scope

Initiative	Scope
Enhance Maintenance Planning - APM <i>Refined Scope</i>	<p>Deploy an APM system that integrates asset condition data, asset performance metrics, and asset risk management (ARM) models to proactively predict potential issues before they arise. This approach will enhance and optimise maintenance planning and opex while also offering insights that could guide capital expenditure planning and scheduling. The APM system's outputs may include a comprehensive risk model.</p> <p>It is important to note that AusNet will initially focus on incorporating highest-value asset classes into (C-I-C) APM to maximise the benefits of analysis. This integration will be unidirectional, with data flowing from ARM to (C-I-C) APM.</p>
Asset condition desktop monitoring & more frequent ARM for network capex planning <i>Merged Initiatives for Optimisation</i>	<p>The scope of this work involves implementing Asset Condition Desktop Monitoring capabilities to establish a strong foundation for asset management functions. A single, controlled Asset Risk Management (ARM) platform will be developed to consolidate and maintain risk models across key asset classes, with the flexibility to expand further. This new platform will replace existing spreadsheet-based models, integrating with parallel systems (such as (C-I-C), (C-I-C) to use up-to-date data for more accurate asset risk assessment and informed replacement planning. The ARM tool will be easier and quicker to run, enabling its extension to all asset classes over time.</p> <p>To streamline efforts across initiatives, AusNet has consolidated the following projects to address key asset classes within distribution:</p> <ul style="list-style-type: none"> - Integrate industry asset management models - Enhance asset risk framework - Automation and Integration of ARM Decisions - Revise/Enhance Asset Risk Models
Service & Project Delivery Collaboration <i>Refined Scope</i>	<p>The refined scope for Service & Project Delivery Collaboration focuses on implementing digital collaboration tools, such as (C-I-C), to enhance iterative design and construction workflows. This approach enables real-time markup, robust version control, and improved coordination with delivery partners across all lines of business. Leveraging key lessons learned from the ongoing Transmission Line of Business trial, we have adjusted the implementation to streamline processes, avoid duplicated effort, and achieve cost reduction. By adopting (C-I-C) and integrating it directly with AusNet systems - particularly within the Distribution Line of Business - we are moving away from ad-hoc email and file transfers. This ensures our scope is tightly aligned to proven, effective practices, reflecting careful consideration and practical insights gained from our Transmission experience. Note that program costs reflect only distribution allocated amount.</p>
ERP Improvements <i>Refined scope</i>	<p>The refined ERP improvement scope represents a minor cost increase due to the scope refinement based on AusNet's findings since SAP S4/HANA migration go-live and Wipro's recommendations, targeting areas that deliver the highest value - especially in risk insights and asset data management. Key enhancements now</p>

	include broader analytics for workforce planning, upgraded supplier lifecycle and strategic sourcing systems, integrated vendor management, automated invoice processing and analytics, centralised contract lifecycle management, and modernised finance functions with real-time reporting and automation. These initiatives are designed to boost operational efficiency, compliance, and organisational agility, delivering productivity efficiencies for AusNet.
Skills Management <i>Refined Scope</i>	This initiative enables AusNet to implement a database system that maps the skills, qualifications, and capabilities of crews to ensure they possess the necessary capacity and expertise to carry out work on assets across the network, in line with asset management plans. The overall cost is has been reduced as the focus is on prioritising workforce capability mapping and leveraging existing data sources manually where available. Any advanced analytics have been deferred to the next period.
Advanced Knowledge Management <i>Reduced Scope</i>	Establishing a centralised system for asset-related documents (e.g. network upgrades, technical standards). With foundational knowledge management systems in place, AusNet are now focusing on leveraging AI tools to enhance management, including AI-powered search and knowledge exploration.
Asset Data Remediation <i>Scope unchanged</i>	Scope includes enhancing master data, upgrading storage and search functions, and uplifting data processes, procedures and standards. Centralising diverse data types not currently stored (e.g. outside (C-I-C), this program ensures all critical information is accessible from a single, secure platform. It allows for secure storage, future editing, and streamlined collaboration for design teams. Structured storage across formats improves search and retrieval of asset condition data.

2.2. Program Delivery and Dependencies

The value of the asset management program lies in the interdependency of these initiatives, as depicted in the **Figure 2** below. A number of initiatives build upon each other, enabling AusNet to make more informed asset management decisions, proactively address ageing infrastructure, improve network resilience to external risks, and achieve greater efficiency through digital decision making.

Strengthening the asset data backbone – an enabler

In 2025, AusNet conducted a maturity assessment of our data governance practices to determine where there are deficiencies and to provide a benchmark against peer businesses. The audit graded AusNet on a 1 (low) to 5 (high) maturity scale against 11 data management functions. It found that AusNet was performing at a maturity level of (C-I-C) in across most dimensions, compared to peer businesses that were on average performing at a level of (C-I-C). The findings are summarised in the chart below. The outcomes of this assessment indicate that AusNet may be performing below peers and we have the opportunity to make significant improvements in data management practices which will provide direct benefit to customers through optimised maintenance and improved investment decisions.

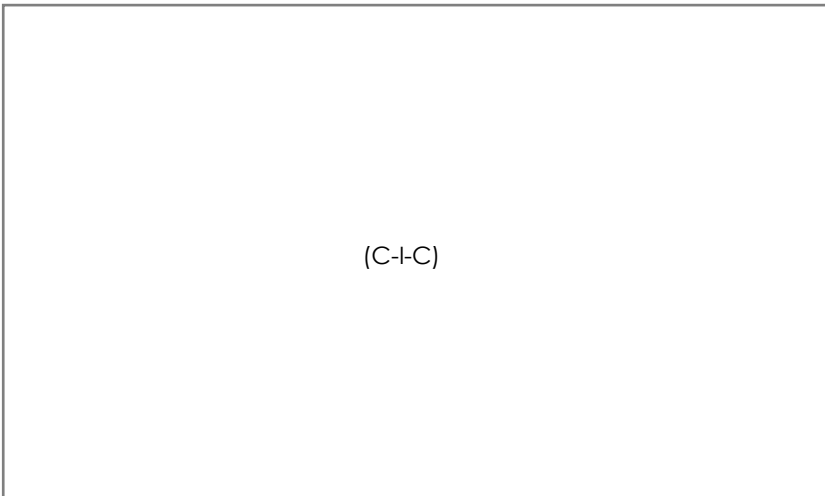


Figure 1 (C-I-C)

Currently, elements of AusNet's asset data is incomplete, unstructured, and inconsistently maintained. While accurate data does exist, delays in processing and validation hinder the timely delivery of actionable insights. Challenges such as incomplete or inconsistent asset records, reliance on manual and time-consuming processes, inefficient

maintenance management, and poor integration between data systems all contribute to increased risk and cost. To address these issues, it is crucial to improve the quality, structure, accessibility, and governance of asset data. A focus on streamlining documentation and dataset maintenance will promote greater efficiency and compliance. In addition, taking ownership of internal data will enhance control and flexibility, forming a solid foundation for future growth.

Asset Management Analytics & Optimisation

From a foundation of robust asset data, AusNet has the opportunity to realise incremental benefit through the analytics and optimisation capabilities: Asset Risk Management (ARM), Asset Performance Management (APM), and advanced knowledge management, on unified platforms. At present, asset data remains fragmented and lacks the structure required for thorough assessment and optimisation. By improving data accuracy, integration, and foundational knowledge, ARM and APM will help AusNet capture and utilise robust asset information for analytics, risk assessment, and predictive maintenance. This integrated approach will not only resolve existing deficiencies in asset and field data, but also support more effective decision making, maintenance and investment program optimisation, faster outage restoration, and increased staff efficiency as the asset fleet continues to grow and age. Investing in these advanced management systems is critical to ongoing improvements in safety, operational reliability, and scalable, data-driven asset management.

Figure 2 – Asset Management Initiatives Dependency Mapping

Initiatives	27	28	29	30	31
Strengthening our data foundations: An enabler					
Asset Data Remediation					
ERP Improvements					
Skills Management					
Service & Project Delivery Collaboration					
Analytics & Optimisation					
Asset condition desktop monitoring & more frequent ARM...					
Enhance Maintenance Planning - APM					
Advanced Knowledge Management					

2.3. Revised Program Costs

In response to the AER's feedback regarding referenceable cost estimates, AusNet have engaged our delivery partner (Wipro) to provide revised cost assessments for asset management initiatives, reflecting of the revised and targeted program scope.

Wipro has detailed knowledge of AusNet's asset management systems, architecture, integrations, dependencies, and operational constraints, gained through managing our (C-I-C) migration and providing ongoing support. This expertise positions Wipro to provide accurate and reliable project cost estimates for AusNet.

Initiative cost estimates are shown in **Table 7** below. Wipro cost estimates have been deflated to \$real 2024 basis and AusNet internal Program Management and Architecture assigned. Incremental licence and support opex costs are based on AusNet's vendor contracts. All program costs are fully allocated to AusNet's distribution network.

Overall costs for AusNet's revised Asset Management proposal have been reduced relative to the initial proposal, reflective of program scope reductions and deferrals, and incorporating Wipro cost estimates. Key changes in program costs are summarised below (\$real 2024).

- Digital Asset Monitoring – Deferred onto next period due to effort and dependency on technology advancement. Remove (C-I-C) from revised proposal.
- Asset condition desktop monitoring & more frequent ARM for network capex planning – Reduced from (C-I-C). Initiatives consolidated and optimised from initial proposal:
 - Integrate industry asset management models

- Enhance asset risk framework
- Automation and Integration of ARM Decisions
- Revise/Enhance Asset Risk Models
- Advanced Knowledge Management – Reduced from (C-I-C)
- Service & Project Delivery Collaboration – Reduced from (C-I-C)
- Skills Management – Reduced from (C-I-C)
- Enhance Maintenance Planning – APM – Increased from (C-I-C) – Reflective of Wipro cost estimate incorporating scope learnings post completion of SAP S4/HANA migration
- ERP Improvements – Increased from (C-I-C) – Reflective of Wipro cost estimate incorporating scope learnings post completion of SAP S4/HANA migration
- Asset Data Remediation – Increased from (C-I-C) – Reflective of AusNet data maturity learnings through 2025, since initial EDPR proposal

Table 7 – Revised Proposal Initiative Costs (\$real 2024)

Initiative	Capex	Opex - Implementation	Opex - Licensing	Estimate Basis Notes
Enhance Maintenance Planning - APM	(C-I-C)	(C-I-C)	(C-I-C)	Wipro's cost estimate
Asset condition desktop monitoring & more frequent ARM for network capex planning	(C-I-C)	(C-I-C)	(C-I-C)	AusNet
Service & Project Delivery Collaboration	(C-I-C)	(C-I-C)	(C-I-C)	Wipro's cost estimate
ERP Improvements	(C-I-C)	(C-I-C)	(C-I-C)	Wipro's cost estimate
Skills Management	(C-I-C)	(C-I-C)	(C-I-C)	Wipro's cost estimate
Advanced Knowledge Management	(C-I-C)	(C-I-C)	(C-I-C)	Wipro's cost estimate
Asset Data Remediation	(C-I-C)	(C-I-C)	(C-I-C)	Wipro's cost estimate and AusNet internal assessment
Total	\$48.9m	\$0.0m	\$0.6m	

2.4. Updated Program Benefits

The asset management program's benefits have been consolidated under two key drivers, and adjusted to reflect the revised, more targeted, program scope. Quantified benefits have been apportioned based on associated scope and scale of asset class deployment.

Enhanced Data & Information Management

This driver encompasses improvements in data accuracy, system integration, and information accessibility. Enhanced data sovereignty and internal ownership enable teams to make more informed decisions, boost productivity, and reduce reliance on external vendors. By streamlining the management of datasets and documentation, the program reduces operational overheads and FTE growth, supporting better planning and compliance.

Improved Asset Risk, Performance & Planning

The second driver realises improved asset risk and performance modelling, supporting optimised maintenance, capex deferral, and more proactive asset interventions. Cleaner, structured data and robust systems enhance confidence in risk assessments, allowing for smarter investment decisions and more targeted interventions. Automated, predictive insights reduce emergency maintenance and operational downtime, while optimising inspections and maintenance for low-risk assets frees resources for higher-priority areas. These practices contribute to stronger network resilience and enable strategic network development.

It is important to note that while the benefit drivers have not changed, the quantification has been adjusted to reflect revised program scope. The updated benefit quantification is viewed as conservative, as several identified benefits have not been quantified, including opportunities for capex deferral through enhanced risk modelling (e.g., deferring transformer replacements) and enhanced network reliability. These benefits are reasonably expected to be realised, but have not been quantified due to the complexity and interlinkages with other AusNet investment programs in the RY2027-31 regulatory period.

Refer the revised proposal digital programs NPV model for full quantification of benefits.

3. Evaluation of Options

Consistent with the AER's "Non-network ICT capex assessment approach" of November 2019, for AusNet's revised proposal we have evaluated credible options for the Network Model Management program. Recognising the AER's Draft Decision feedback, we have focused options analysis on alternate degrees of scope within the program.

We have identified two credible Asset Management scope options, as detailed in **Table 8** below:

Table 8 – Options summary

OPTION	SUMMARY
Option 1: Uplift foundational data and systems capabilities only	<p>Option 1 represents a partial execution of the proposed Asset Management program, focusing on delivering core data remediation and process and functionality improvements. Initiatives included in this option are:</p> <ul style="list-style-type: none"> • Asset Data Remediation • Service & Project Delivery Collaboration • ERP Improvements • Skills Management
Option 2: Capability uplift to good industry practice	<p>Option 2 proposes to fully implement the proposed asset management initiatives, as identified in Section 2.1. In addition to the initiative listed in option 1 above, additional programs of work include:</p> <ul style="list-style-type: none"> • Enhance Maintenance Planning - APM • Asset condition desktop monitoring & more frequent ARM for network capex planning • Advanced Knowledge Management

3.1. Option 1: Uplift foundational data and systems capabilities only

This option focuses solely on addressing AusNet's identified asset data challenges, and improving efficiencies of associated processes and systems workflows. This will deliver improved data accuracy, integration, and foundational knowledge, but excludes enhancements to asset performance and risk analysis systems that realise incremental benefit.

The cost of this option is \$23.9m capex, and it delivers NPV of \$4.0m. While this option reduces required investment, it foregoes benefits from maintenance optimisation or the potential for capex cost optimisation. As a reduced scope option, it delivers necessary upgrades but delays high-value initiatives, offering only partial benefits and is therefore not recommended.

Table 9 – Forecast Expenditure for Option 1 (\$'million, real FY24)

Cost item	FY27	FY28	FY29	FY30	FY31	Total
Capex	\$4.3m	\$4.3m	\$4.3m	\$4.3m	\$6.6m	\$23.9m
Opex (Implementation)	-	-	-	-	-	-
Opex (Licencing and Support)	-	-	-	-	-	-
Total expenditure	\$4.3m	\$4.3m	\$4.3m	\$4.3m	\$6.6m	\$23.9m
Net Present Value						\$4.0m

3.2. Option 2: Capability uplift to good industry practice

This option sees AusNet implement industry-standard asset risk management and asset performance management capabilities, to derive incremental benefit from the foundational data and systems improvements of Option 1.

This option is preferred as it addresses core network risks and prevents gaps in operational planning by enhancing AusNet's asset management systems and rolling out initiatives like ARM and APM on common platforms. This integrated approach improves data accuracy, system integration, and staff efficiency, and provides the advanced analytical

capabilities needed for informed decision-making and risk mitigation. Dedicated resources and funding will directly target asset failure, safety, and operational risks, particularly those linked to poor asset data, ensuring accurate information drives ongoing improvements. Compared to a partial approach, this strategy delivers superior asset risk and performance analysis, supporting better maintenance and investment planning while reducing exposure to unnecessary risks and inefficiencies.

This is our recommended option as it addresses our capability gaps by implementing the core foundational asset data improvements outlined in Option 1, along with additional initiatives that enhance asset data information, support risk assessment for capex and maintenance and ensure

Table 10 – Forecast Expenditure for Option 2 (\$'million, real FY24)

Cost item	FY27	FY28	FY29	FY30	FY31	Total
Capex	\$4.3m	\$4.3m	\$9.9m	\$14.8m	\$15.6m	\$48.9m
Opex (Implementation)	-	-	-	-	-	-
Opex (Licencing and Support)	-	-	-	-	\$0.6m	\$0.6m
Total expenditure	\$4.3m	\$4.3m	\$9.9m	\$14.8m	\$16.2m	\$49.5m
Net Present Value						\$8.2m

3.3. Preferred Option

Of the options assessed, our analysis has found that Option 2 provides the highest NPV. This option best enables AusNet to manage our ageing asset base, with prudent risk management and cost effectiveness. This option is aligned with our commitment to enhancing resilience and customer outcomes, and is aligned to the overall technology strategy for the Distribution line-of-business. The more targeted revised proposal program represents a \$22.6m capex reduction relative to our initial proposal.

Acknowledging the AER's Draft Decision feedback regarding business opex benefits of this program offsetting the incremental digital licences and support costs, AusNet is not requesting a step change for the \$0.6m recurrent opex. This amount is included in the cost benefit NPV analysis for completeness of evaluations.

Table 11 – Option analysis summary (\$'000s, real FY24)

Criteria	Option 1	Option 2	Initial Proposal
NPV (\$m, real FY2024)	\$4.0	\$8.2	\$0.1
Capex (\$m, real FY2024)	\$23.9	\$48.9	\$71.5
Opex (\$m, real FY2024)	\$0.0	\$0.6	\$3.2
Technically feasible	✓	✓	
Addresses identified need	✗	✓	
Deliverable within timeframe	✓	✓	
Delivery risk	Low	Low	
Preferred option	✗	✓	

4. Appendix

4.1. Cost Estimate Breakdown – Asset Data Remediation

Through 2025, AusNet has further identified and assessed a number of specific asset data areas requiring remediation, connectivity and consistency improvements, and platform upgrades. These areas include master asset data, asset geospatial data, and interconnectivity.

These initiatives and estimates, from AusNet internal teams and Wipro delivery partner, have been consolidated into the Asset Data Remediation initiative scope and estimate. Line item details are provided in Table 12 below.

Table 12 – Revised AusNet costing for Asset Data Remediation and Foundation Improvements

Implementation Scope Component	Capex ('000, \$real 2024)	Cost Basis
LV Data Uplift (SDMe)	(C-I-C)	(C-I-C)
Build HV Network Data Reconciliation Tools	(C-I-C)	(C-I-C)
Reconcile HV Network Data	(C-I-C)	(C-I-C)
Core Master Asset Data Remediation	(C-I-C)	(C-I-C)
Infrastructure	(C-I-C)	(C-I-C)
AusNet Internal Program Management and Architecture	(C-I-C)	(C-I-C)
Total	(C-I-C)	

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