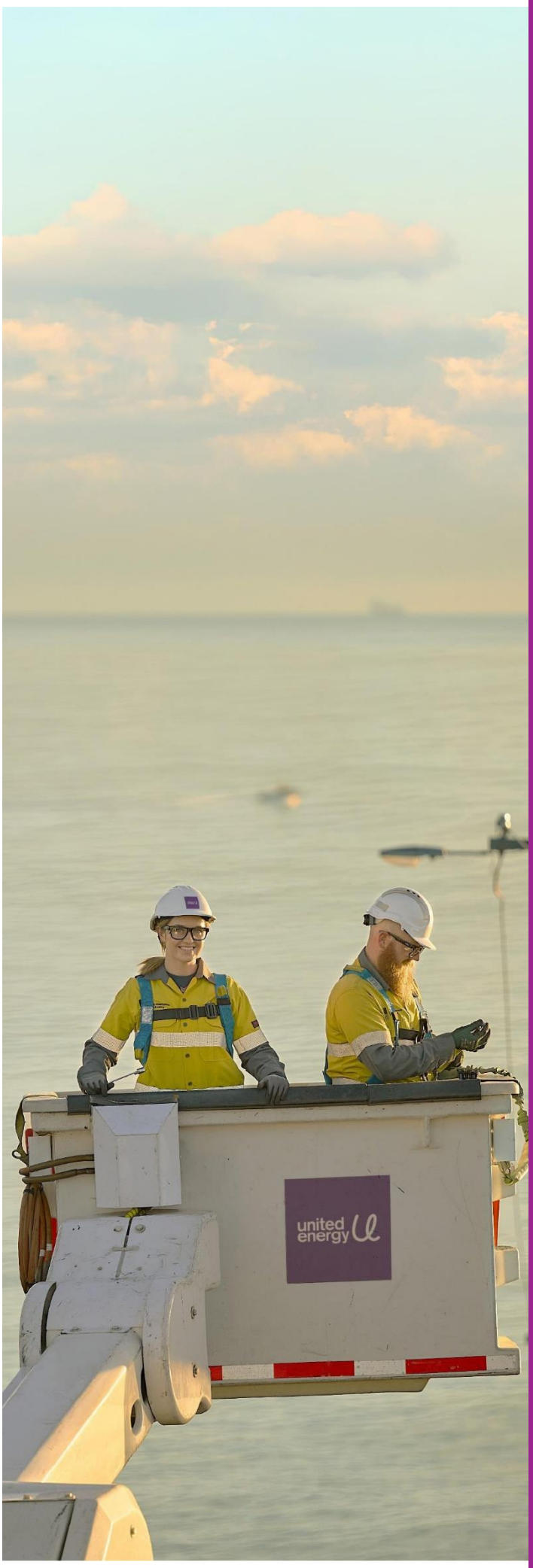

MATERIAL ASSUMPTIONS

UE RRP RIN 02 – PUBLIC
2026–31 REVISED PROPOSAL

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1. About this document

The purpose of this appendix is to meet the requirements of clause 4.2.2 of the Final 2026–31 Reset RIN for United Energy (material assumptions).

Specifically, for each material assumption we have sought to identify:

a) its source or basis;

b) if applicable, its quantum;

c) whether and how the assumption has been applied and was taken into account; and

d) the effect or impact of the assumption on the capital expenditure and operating expenditure forecasts in the forthcoming regulatory control period taking into account:

   i. the actual expenditure incurred during the current regulatory control period; and

   ii. the sensitivity of the forecast expenditure to the assumption.

In addressing the requirements for clause 4.4.2, we wish to highlight that identifying the quantum and sensitivities is difficult as majority of the material assumptions identified are qualitative in nature, or their impact at an aggregate level difficult to determine.

As required under clauses S6.1.1(5) and S6.1.2(6) of the National Electricity Rules (Rules), on 24 November 2025, our Board 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 United Energy 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 United Energy are reasonable.

2. Our material assumption sources

Below are the material assumptions sources and/or basis identified and certified by our Board on 24 November 2025.

TABLE 1 MATERIAL ASSUMPTIONS AND THEIR SOURCES

Revised proposal incorporates stakeholder engagement feedback	Stakeholder engagement feedback is sourced from a targeted customer engagement program (program). The program included research studies, customer forums, in-depth interviews, and surveys.
Expenditure forecast methodologies are consistent with and/or have regard to relevant AER guidelines	The Australian Energy Regulator's (AER) industry practice notes have complied with in all circumstances. Specifically, this includes the 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 and Connection charge guideline.
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 averaging two Victorian-specific utilities industry wage price index growth forecasts being the Oxford Economics Australia forecast for electricity, gas, water and waste services, and the AER's equivalent forecast from its most recent decision. No real material price escalation was applied.
Demand forecasts represent realistic expectations of growth	Demand forecasts were determined based on our internal planning tool developed by Blunomy. All key inputs to the planning tool were based upon Australian Energy Market Operator's (AEMO) step change scenario, smart meter data and Victorian Government forecasts.
Economic assessments are based on well-accepted value frameworks	All economic assessments have complied with parameters estimated by AER including the value of customer reliability (VCR), value of network resilience (VNR), value of emissions reduction (VER) and customer export curtailment value (CECV). The value of statistical life has been applied as calculated by the Commonwealth Government. We have applied the outcomes from our 2024 customer values analysis (CVA).
Discount rates in economic analysis are relevant to the investment	Discount rate reflects expectations of returns consistent with the level of risk for a regulated distribution network.
Asset management strategies and associated investments are appropriate to meet the capital	Our 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.

expenditure objectives of the Rules and any regulatory obligations	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 were provided for all replacement expenditure categories, with updated business case addendums provided where relevant.
Network planning strategies and associated investments are appropriate to meet the capital expenditure objectives of the Rules and any regulatory obligations	Augmentation expenditure is based on demand forecasts that reflect expectations of growth and/or compliance obligations, and assessments of alternative options (including non-network solutions). Forecast network constraints are consistent with those that will be published in our 2025 Distribution Annual Planning Report (DAPR).
CER integration and electrification strategies, and associated investments are appropriate to meet the capital expenditure objectives of the Rules and any regulatory obligations	Our customer energy resources (CER) integration and electrification strategy is based on realistic expectations of CER uptake consistent with AEMO's step change scenario and/or compliance obligations. Expected customer outcomes reflect customer service level expectations informed by our stakeholder engagement program.
Resilience strategies and associated investments are appropriate to meet the capital expenditure objectives of the Rules and any regulatory obligations	Independent climate impact assessments were provided by AECOM, including for extreme rainfall (and floods), bushfires and wind. A representative climate pathway (RCP) of 4.5 has been applied as the central scenario for modelling purposes. Proposed investments are consistent with the recommendations made by the Victorian Government electricity distribution network resilience and network outage reviews.
Customer connection expenditure reflects economic activity and costs recoverable over all customers	Connection volumes reflect FY25 audited RIN data to which growth rates forecast by Macromonitor have been applied. Data centre forecasts are based on our existing pipeline of connection applications and applying the AERs recommended methodology. Internal projections were used to forecast grid-scale storage using currently registered projects. Contribution rates are based on historical data except for data centres, where a forward-looking expectation of 85 per cent has been applied.
ICT strategies and associated investments are	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.

appropriate to meet capital expenditure objectives of the Rules and any regulatory obligations	Non-recurrent ICT includes investments to comply with ongoing market reforms, replace our existing billing system and uplift cyber security capability
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.
Operating expenditure forecasts have been developed consistent with standard AER methodologies	A base-step-rend approach has been used to forecast operating expenditure. Proposed base year is FY25, which will represent the most recently audited RIN data available at the time the AER makes its final decision.
Output growth applied to operating expenditure is consistent with standard AER methodologies	Output growth weightings are based on the AER's annual benchmarking report. Ratcheted maximum demand is based on Blunomy estimates and customer number growth is based on the AERs draft decision forecasts. Circuit line length growth based on historical audited RIN data.

3. Our material assumption quantum and application

Below are the material assumptions quantum (if applicable), how the assumption has been used and its sensitivity (if applicable) identified and certified by our Board on 24 November 2025.

TABLE 2 MATERIAL ASSUMPTIONS

Revised proposal incorporates stakeholder engagement feedback	Stakeholder engagement feedback is predominantly qualitative in nature. It is therefore not possible to quantify its impact or apply sensitivities. We have summarised the feedback received in our revised proposal and where applicable, we have presented how the feedback received has been considered in determining the forecast expenditure. The exception has been the application of CVA to several business cases to determine the benefits case. The use of CVA is identified in the individual business cases where it has been applied.
Expenditure forecast methodologies are consistent with and/or have regard to relevant AER guidelines	Application of the relevant AER guidelines is a matter of compliance. Therefore, no quantum has been assigned to this assumption nor sensitivity analysis.
Real escalation reflects forecast expectations of labour and non-labour growth and are developed consistent with AER expectations	Real labour price growth has been applied each year. For FY26 it was 1.19 per cent, FY27 0.81 per cent, FY28 0.96 per cent, FY29 1.12 per cent, FY30 1.23 percent and FY31 1.20 per cent. These indices have been applied to internal and external labour. Whilst we have not applied sensitivities to real labour escalation, the assumptions themselves represent an average of two separate forecasts. No real materials price growth has been applied.
Demand forecasts represent realistic expectations of growth	There is no single demand forecast. Maximum demand varies by asset. Where relevant, demand sensitivities are considered in individual business cases supporting our augmentation program.
Economic assessments are based on well-accepted value frameworks	Economic assessments have applied the quantum identified by the AER for VCR, VNR, VER, CECV and the Australian Government for statistical life. All these values are compliance obligations, so no further sensitivities were considered. Where we have applied CVA, the values identified in the report Customer Values Analysis have been applied.
Discount rates in economic analysis are	A real 3.50 per cent discount rate has been applied to all business cases.

relevant to the investment	
Asset management strategies and associated investments are appropriate to meet the capital expenditure objectives of the Rules and any regulatory obligations	Our asset management strategies are considered internal compliance documents. No further sensitivities were considered.
Network planning strategies and associated investments are appropriate to meet the capital expenditure objectives of the Rules and any regulatory obligations	Forecast network constraints are consistent with those that will be published in our 2025 Distribution Annual Planning Report (DAPR). Where relevant, sensitivities with respect to these constraints have been considered in individual business cases.
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 consistent with AEMO's step change scenario and/or compliance obligations. Material data inputs related to growth are derived from the AEMO step change scenario.
Resilience strategies and associated investments are appropriate to meet the capital expenditure objectives of the Rules and any regulatory obligations	Independent climate impact assessments were provided by AECOM, including for extreme rainfall (and floods), bushfires and wind. A representative climate pathway (RCP) of 4.5 has been applied as the central scenario for modelling purposes. Proposed investments are consistent with the recommendations set out in the Victorian Government electricity distribution network resilience and network outage reviews.
Customer connection expenditure reflects economic activity and costs recoverable over all customers	For the relevant quantum, please refer to chapter 3.6 of the revised proposal and the reports Forecasts by Region (Macromonitor, August 2025) and Forecasting CPU's data centre capacity requests (Mandala, November 2025), prepared for CitiPower, Powercor & United Energy.
ICT strategies and associated investments are appropriate to meet capital expenditure	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.

objectives of the Rules and any regulatory obligations	Where relevant, sensitivities have been considered in the options analysis for individual business cases.
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 based on dedicated business cases. Where relevant, sensitivities have been considered in the options analysis for individual business cases.
Operating expenditure forecasts have been developed consistent with standard AER methodologies	We have applied the revealed costs methodology to comply with AER requirements. No quantum or sensitivity is relevant.
Output growth applied to operating expenditure is consistent with standard AER methodologies	A productivity adjustment of 0.50 per cent per annum to comply with AER requirements. No sensitivities have been considered. Customer numbers assumed are: • FY26 726,198 • FY27 731,326 • FY28 736,485 • FY29 741,592 • FY30 746,647 • FY31 751,624 For circuit length (km): • FY26 13,585 • FY27 13,613 • FY28 13,641 • FY29 13,669 • FY30 13,698 • FY31 13,727 Finally ratcheted maximum demand (MW): • FY26 2,143 • FY27 2,165 • FY28 2,203 • FY29 2,209 • FY30 2,209 • FY31 2,209 No sensitivities were applied.

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