

Submission on AusNet's Transmission Reset Review Proposal 2027-2032

Prepared by the Transmission Stakeholder Advisory Panel (TSAP)

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1 Executive Summary

The Transmission Stakeholder Advisory Panel (TSAP) was established by AusNet in 2024 to provide independent, expert input into the development of AusNet’s Transmission Revenue Reset (TRR) Proposal for 2027–2032. Comprised of consumer advocates, distributors, generators and developers, delivery partners, and independent advisors, the TSAP’s role was to test assumptions, enhance transparency, and give a consumer perspective on the TRR proposal. The TSAP meetings were observed by representatives of the AER, AEMO, VicGrid, and the Consumer Challenge Panel.

Over eight meetings, several deep dives session, two site visits, and supported by detailed materials, the TSAP assessed AusNet’s TRR proposal and engagement process on five key criteria: transparency, responsiveness, influence, consumer alignment, and clarity.

The TSAP acknowledges AusNet’s sincerity, openness, quality of information, and willingness to modify its approaches in response to challenge. The TSAP believes that AusNet demonstrated best-practice stakeholder engagement in accordance with the AER’s *Better Resets Handbook*.

The key findings of the engagement are:

- **Safety and Reliability:** The Victorian network is ageing and requires replacement to maintain safety and reliability for consumers. The TSAP strongly supports AusNet’s commitment to safety, and to maintaining existing reliability and safety standards while not “gold-plating” assets.
- **Deliverability:** A step-change in AusNet’s delivery capability is required to ensure delivery of the TRR. Deliverability was identified as a major risk given workforce and supply-chain constraints. The TSAP commends AusNet’s detailed deliverability modelling and urges continued transparency and flexibility, including contingent project mechanisms and alternative delivery models.
- **Affordability:** Concerns were raised by the TSAP about the expected step-change in costs and potential bill impacts for consumers, while recognising that the ageing asset fleet, climate risks, new operational complexity, cost escalations, augmentation, and previously deferred investments necessitate significant spending. The TSAP urges equitable tariff design, noting this is less relevant to the TRR than it is to VicGrid and AER pricing and tariff reviews.
- **Coordination:** The TSAP stresses the need for close alignment between AusNet, VicGrid, and AEMO to prevent transmission duplication, resource competition, and inconsistent engagement as the TRR, VTP and ISP maintain and expand Victoria’s transmission footprint.

- **Resilience and Digital Transformation:** The TSAP supports proactive investment to manage climate and operations risk, enhance network visibility and cybersecurity, while encouraging a clear demonstration of consumer value.

The TSAP found AusNet’s engagement to be transparent, inclusive, and responsive, with the TSAP having a constructive influence on the TRR proposal. AusNet has met and exceeded the engagement guidelines under the AER’s *Better Resets Handbook*.

Regarding the 2027-2032 TRR, the TSAP recommends that AusNet undertake the following activities:

- Maintain an independent consumer advisory input through future TRR cycles;
- Provide annual delivery and stakeholder engagement roadmaps to sustain accountability;
- Report on contingent project triggers, delivery performance, and post-investment outcomes; and
- Continue inter-agency collaboration with VicGrid and AEMO to align planning and resources.

The TSAP believes that AusNet’s engagement process improved consumer alignment and enhanced the clarity and credibility of the TRR proposal.

2 Introduction to the TSAP

2.1 Role and Purpose

The Transmission Stakeholder Advisory Panel (TSAP) was established by AusNet in 2024 to provide independent, expert stakeholder input throughout the development of the Transmission Revenue Reset (TRR) Proposal for 2027–2032.

The role of the TSAP was to test AusNet’s TRR assumptions, to bring diverse perspectives to the engagement process, and to ensure the TRR proposal reflected consumer interests. The TSAP was formed to strengthen transparency and accountability in the way AusNet plans, justifies, and communicates its investment program.

TSAP members were drawn from consumer advocacy organisations, distribution companies, delivery partners, large industrial users, generators, renewable energy developers, and independent specialists¹.

Recognising that not all members had a background in energy regulation or network planning, AusNet invested significant time and resources in building capacity and knowledge within the TSAP. Pre-reading packs prior to meetings, deep dives, and site visits ensured that the TSAP could engage meaningfully with the key TRR issues. This commitment to education was viewed by the TSAP as an appropriate and effective example of good-faith engagement. AusNet also involved the TSAP in co-designing the engagement process, and AusNet were responsive and flexible regarding TSAP’s requests for clarifications, additional analysis, actions and new topics.

The TSAP acknowledges that it is not a regulatory, transmission-planning, or economic-assessment body, and therefore does not possess the technical authority to determine whether the individual projects proposed in the TRR are the most efficient to achieve system reliability, or whether AusNet’s cost assumptions are efficient regarding industry benchmarks. While TSAP members bring expertise from a range of sectors, their collective role is to test transparency, logic, and consumer alignment rather than to validate engineering or financial assumptions. In this regard, the TSAP recognises that the Australian Energy Regulator (AER) will conduct detailed benchmarking and economic efficiency reviews of the TRR proposal.

The TSAP served as a structured forum for constructive challenge and independent feedback, ensuring that the reasoning behind AusNet’s TRR proposal is accessible, that trade-offs are well explained, and that consumer perspectives are reflected in it.

¹ For further information see: <https://communityhub.ausnetservices.com.au/transmission-stakeholder-advisory-panel>

At its core, the TSAP seeks to strengthen transparency and accountability within the regulatory framework by acting as an informed intermediary between technical experts and the public interest. By providing regular feedback to AusNet and reporting openly on its findings, the TSAP improved the clarity, consistency, and credibility of the TRR proposal.

2.2 Governance and Independence

TSAP members operated independently and brought a range of perspectives to the TRR engagement. The TSAP was chaired by an independent advisor appointed through a competitive selection process. Membership included individuals with expertise in electricity markets, engineering, policy, and consumer advocacy.

The TSAP met formally eight times between October 2024 and September 2025. Each meeting was supported by detailed materials prepared by AusNet and circulated in advance. The Australian Energy Regulator (AER), the Consumer Challenge Panel (CCP), VicGrid, and AEMO attended as observers.

Although administratively supported by AusNet, the TSAP retained autonomy over its deliberations and conclusions. Meeting minutes and summaries were drafted by AusNet’s engagement team but were reviewed, amended as necessary, and endorsed by the TSAP Chair before being finalised. Differing opinions between TSAP members were recorded accurately and the collective voice of the TSAP was expressed without dilution. Where divergent views emerged, these were recorded explicitly in the minutes.

The result was a genuine forum for open exchange between the company, consumers, and experts.

2.3 Assessment Methodology

The TSAP evaluated the quality and effectiveness of AusNet’s engagement process based on the following criteria:

Transparency — The extent to which AusNet clearly explained its assumptions, methodologies, and trade-offs in an accessible format.

Responsiveness — The degree to which AusNet acknowledged, addressed, and incorporated the TSAP’s feedback into its evolving proposal. This included AusNet’s willingness to revisit assumptions and amend approaches following challenge.

Influence — Evidence that the TSAP’s advice or insights had an impact on the TRR proposal. The TSAP looked for demonstrable changes in analysis, timing, or framing resulting from engagement.

Consumer Alignment — The extent to which the proposal reflected consumer priorities for safety, affordability and reliability. The TSAP assessed whether costs and benefits were clearly explained.

Clarity — How effectively AusNet communicated complex concepts to diverse stakeholders and whether materials supported informed discussions.

The TSAP notes that members were provided with comprehensive briefing packs ahead of each session and invited to submit questions for clarification in advance. AusNet responded in writing to actions and questions.

The TSAP engagement involved regular meetings, deep-dives, site visits, and document reviews. Each meeting focused on a theme, including, capital expenditure, new connections, resilience, affordability and narrative development, landholder experience, digital investments, VTP, deliverability risk.

The TSAP was taken on two site visits, one to AusNet’s Control Room and one to the South Morang Terminal Station. The visits gave insights into AusNet’s operations, safety protocols, and asset management practices. These visits helped the TSAP understand the practical implications of network investments.

The TSAP also reviewed key supporting materials such as AusNet’s deliverability framework, digital roadmap, and proposal narrative. Members commented on structure, readability, and linkages between assumptions and consumer outcomes.

3 Market Context and Commentary

3.1 Energy Transition and Network Planning Implications

Victoria’s electricity transmission network is ageing at the same time as undergoing a renewable transformation. The network requires asset replacements to maintain safety and reliability. The retirement of coal-fired generation and the build-out of renewable energy assets are reshaping the technical and economic foundations of the energy market. As decarbonisation progresses, the AusNet network must accommodate geographically dispersed generation and variable supply patterns.

This transition is creating a different operating environment for AusNet’s operations teams. Declining minimum daily demand, driven predominantly by middle of the day renewable generation, requires the transmission network to manage lower load levels than historically, in some cases so low as to test the network’s system security. At the same time, complex new connections, variable renewable generation assets, plus increasing demand peaks from electrification and electric-vehicle uptake are introducing a wider variability in system load. In the context of an ageing network, managing these extremes has become a significant operational challenge.

For AusNet, these shifts translate into greater complexity and operational challenges for control room operators. Operators balance flows in real-time across a network with increasing volatility and are required to respond swiftly to disturbances that propagate

through a newly renewable system. Real-time visibility, data integration, and cyber-security have therefore become more critical to reliability.

Along with new decarbonisation challenges, Victoria is planning a significant increase in new transmission projects to extend the size and capability of the transmission network as evidenced by AEMO's *Integrated System Plan (ISP)* and VicGrid's *Victorian Transmission Plan (VTP)*. Connecting these growth projects to AusNet's transmission network is also expected to increase operational complexity and have impacts on reliability.

AusNet has undertaken work to model these emerging network dynamics and at the TSAP's request has produced an integrated view of the total transmission costs likely to arise for consumers as a result of the TRR, ISP and VTP programs.

The TSAP acknowledges that AusNet's aggregate consumer impact modelling is a commendable effort that provides excellent transparency into how regulated network investments accord with broader state and national planning. By quantifying not only AusNet's regulated expenditure but also the additional system costs embedded in the ISP and VTP programs, AusNet enabled the TSAP to appreciate the full scale of transmission costs facing Victorian consumers. This degree of clarity should be viewed as a positive example of proactive disclosure.

The TSAP further notes that a continuing refinement of the modelling assumptions would be useful, particularly around long-term demand forecasts, the treatment of distributed energy resources, and the expected timing of generator connections. This would help ensure that the total system cost profile remains consumer-focused and timely.

3.2 Planning and Regulatory Environment

Victoria's transmission planning and regulatory landscape is complex and is shaped by responsibilities among several institutions and varying regulatory regimes.

The TRR determines the revenue that AusNet can recover for maintaining, operating and upgrading the existing regulated transmission network. AEMO's ISP provides a national blueprint for transmission development. While the VTP identifies major projects required to meet the Victorian's decarbonisation plans. These frameworks are governed by different regulatory regimes:

- The TRR falls under the National Electricity Rules and is assessed by the AER.
- The VTP operates under Victorian legislation and is guided by policy objectives, including renewable energy targets.
- The ISP functions under AEMO's national planning framework and focuses on system-wide least-cost optimisation across jurisdictions.

This mosaic of regulatory arrangements can potentially cause inefficiencies in planning and transmission costs to consumers, particularly where there are project overlaps or interdependencies between one regulatory framework and another.

Additionally, as the TRR was being developed, there was a planned handover of Victorian network planning responsibility from AEMO to VicGrid which represents a major shift. While intended to streamline state-based transmission planning, it also introduces a period of adjustment as roles, data interfaces, and decision rights are clarified.

The TSAP emphasises the importance of strong coordination between AusNet, AEMO and VicGrid in order to prevent duplication, cost inefficiencies, resource constraints, and inconsistent community engagement. TSAP members have encouraged AusNet to advocate for formal mechanisms for joint planning to ensure that Victorian consumers do not overpay for network assets.

The TSAP believes that network investment decisions should be guided by sound economic analysis and long-term value for Victorians, not short-term political drivers. Policy targets help drive the energy transition, but the regulatory tests for capital efficiency must remain rigorous. Several members of the TSAP observed that the integrity of the TRR process depends on maintaining an evidence-based economic assessment and correct prioritisation of developments with the planned ISP and VTP projects.

The TSAP encourages a continued dialogue between AusNet, VicGrid, AEMO, and the AER to align planning horizons, data sets, and assumptions. The objective should be to maximise efficiency while maintaining clear accountability for outcomes. The TSAP acknowledges that AusNet has taken positive steps by sharing project plans, deliverability modelling and timing assumptions with VicGrid and AEMO to support a coordinated sequencing.

3.3 External Pressures

A series of external economic pressures affect transmission investment in Victoria and across Australia. The TSAP devoted considerable attention to these factors, recognising that they represent a shared risk for all jurisdictions during the 2027–2032 regulatory period. The TSAP is aware that AEMO’s transmission cost database (TCD) shows a 60-80% cost escalation between 2021 and 2025.

Supply-chain constraints are significant. There is strong global demand for high-voltage equipment—transformers, conductors, insulators, and control systems. Lead times for key components are extensive, with some items now requiring procurement windows of three to five years. Shipping logistics and exchange-rate volatility, further compound cost uncertainties.

Domestic labour shortages in specialised electrical engineering and high-voltage construction resources pose challenges to project scheduling. Specialist resource constraints are intensified by competition among multiple large-scale projects expected to proceed concurrently under the TRR, ISP, VTP, and equivalent programs across the National Electricity Market. In order to manage concurrent projects, it might be best to consider workforce training equipment procurement and supply at a national scale to prevent regions from bidding against each other for the same constrained resources.

Inflationary pressures were also discussed extensively by AusNet and the TSAP. Escalating costs for materials will impact project budgets. While AusNet's modelling includes contingency allowances for these trends, some TSAP members questioned whether these provisions are sufficient to manage long-term volatility. Other TSAP members warned that conservative allowances could inflate consumer prices. Further, the TSAP noted that deferrals of TRR projects to subsequent regulatory periods, as has occurred in previous regulatory periods, can inflate project costs depending on the cycle of external cost pressures listed above.

A step-change in AusNet's delivery capability will be required in the TRR period. This step-change along with the combination of constrained supply chains, rising input costs, and concurrent infrastructure programs represents a risk to the deliverability of the TRR program. The TSAP encouraged AusNet's efforts to quantify these factors transparently and to test alternative delivery models, including alliances and strategic procurement partnerships, to mitigate risk.

The TSAP agrees that effective management of external pressures will require coordinated planning, realistic scheduling, and continuous engagement with contractors, suppliers, and regulators. The forthcoming TRR period will test the industry's collective capacity to deliver transformational infrastructure efficiently and affordably.

4 The TSAP Engagement Process

4.1 Overview of Engagement Approach

The TSAP's engagement program was extensive, well-structured, and collaborative.

The TSAP met regularly between October 2024 and September 2025, supported by AusNet's executive team and specialist staff. Meetings were scheduled around major milestones in the development of the TRR proposal to ensure that the TSAP's input could influence the work.

Sessions were attended by representatives from the Australian Energy Regulator (AER), the Consumer Challenge Panel (CCP), VicGrid, and AEMO as observers.

The TSAP found that the quality of materials presented by AusNet was consistently high. Pre-reading packs were comprehensive yet accessible, and AusNet’s subject-matter experts were responsive and forthcoming in addressing questions. Discussions were well facilitated, with time allocated to exploring points of disagreement and ensuring all members had the opportunity to contribute.

The TSAP observed that AusNet took feedback comments in the spirit in which they were intended—to improve understanding, test reasoning, and strengthen consumer alignment. Importantly, AusNet recognised that the TSAP’s role was to help build a stronger, more consumer-focused proposal consistent with the principles of the AER’s Better Resets Handbook. AusNet openly encouraged the TSAP to challenge assumptions and narrative in the proposal. AusNet’s willingness to treat the TSAP as a genuine advisory body was noted and appreciated by members.

4.2 Activities Undertaken

The TSAP’s work program was diverse and iterative. The TSAP participated in eight meetings and a series of deep dives that covered the material components of the TRR proposal. The sessions focused on:

- **Capital expenditure (capex)** forecasting and timing, including the sequencing of major asset renewal programs and the impact of deferred projects from previous regulatory periods, plus the treatment of emerging cost pressures;
- **Operating expenditure (opex)** efficiency and the treatment of emerging cost pressures;
- **New connections** and the integration of renewable generation, with attention to network augmentation requirements and the coordination of timing with VicGrid’s VTP;
- **Landholder engagement and social licence**, including increasing community expectations, improved communication strategies, and lessons from past experiences;
- **Resilience of AusNet’s transmission network** and how it could be enhanced to withstand and recover from extreme weather and environmental events;
- **Victorian Transmission Plan**, examining areas of overlap, timing, and scope, and discussions of how the VTP and TRR programs are coordinated;
- **Deliverability**, with an emphasis on workforce constraints, long-lead equipment, and the risk of concurrent infrastructure programs across Australia;
- **Digital transformation and cybersecurity**, where AusNet outlined its strategy for modernising network visibility, data management, cybersecurity, asset monitoring; and

- **Risk management**, including scenario testing, and the design of contingent project triggers.

The structure of these sessions combined technical briefings with open discussion. The sessions allowed TSAP members to develop an understanding of the AER's transmission revenue determination framework, including its incentive-based components, and the interaction between forecast expenditure, incentive rewards, and consumer pricing outcomes.

The sessions captured the TSAP's collective views and outstanding questions were listed as actions for follow-up. These sessions assisted AusNet's subsequent refinements to the TRR proposal.

The TSAP also undertook two site visits. The first visit was to the South Morang Terminal Station, where members observed the asset condition and the physical infrastructure underpinning a key network asset. This visit helped TSAP members contextualise discussions on capital works, asset refurbishment, and project prioritisation.

The second visit entailed a guided tour of AusNet's Control Room, where TSAP members gained insight into the operational complexity of managing Victoria's transmission system, particularly amid increasing renewable penetration and the increasing need to coordinate assets built and operated by other TNSPs. Observing real-time network monitoring and contingency management deepened the TSAP's understanding of system control challenges such as decreasing minimum demand.

TSAP members reported that these sessions significantly enhanced their ability to engage meaningfully with complex topics and contribute informed perspectives.

4.3 TSAP's View on Effectiveness

The TSAP considers AusNet's engagement process to have been transparent, inclusive, and constructive. AusNet approached the engagement as an opportunity to gain meaningful consumer and stakeholder insights. TSAP members observed that AusNet genuinely sought to understand differing viewpoints and to integrate these perspectives into its proposal.

AusNet openly provided access to technical and financial data, including cost breakdowns, project sequencing models, deliverability and risk assessments. This transparency allowed members to test the underlying assumptions and the consistency of the proposal.

AusNet demonstrated responsiveness to challenge. When TSAP members raised concerns or sought greater clarity, AusNet responded by adjusting the structure or depth of its materials. Examples include expanded affordability narratives, additional deliverability modelling, cost-benefit analysis refinements, and improved linkages between capital programs and consumer outcomes. Members commented that AusNet

was “willing to change gears” when stakeholders requested deeper information or alternative perspectives.

Affordability, reliability and deliverability were recurring themes throughout the engagement. While TSAP members acknowledge AusNet’s technical justification for projects, there was continued concern about the overall scale of expenditure and the associated consumer impacts. These concerns were balanced by recognition that an underinvestment in previous regulatory periods, which led to AusNet having the lowest Regulated Asset Base per customer among NEM transmission companies, had created a set of works that now need to be addressed.

The relationship between AusNet and the TSAP was positive and collaborative. TSAP members felt their contributions were valued and that their feedback influenced how AusNet framed its proposal. The engagement approach demonstrated that early, structured stakeholder involvement can build trust, strengthen analytical rigour, and align regulatory proposals with consumer input.

The TSAP acknowledges the engagement of AusNet’s Board and Executive in the TRR process. The company’s senior leaders consistently attended meetings, responded directly to stakeholder questions, and demonstrated ownership of key decisions.

4.4 Areas of Challenge and Influence

Over the course of the engagement, the TSAP challenged AusNet across a range of issues. The following represent the most significant areas:

Capex and Opex:

The Victorian transmission network is ageing, and there has not been significant augmentation investment in the Victorian network since the early 1990s. This lack of investment has kept Victorian transmission prices low in comparison to other states, but the impact of deferred investments will be felt in the 2027-2032 regulatory period. TSAP members note that AusNet has deferred project spend to meet economic timing considerations during past two regulatory reset periods. These deferrals decreased costs for consumers at the time, but the deferred projects are still required by the system and the forecast costs of those projects have increased significantly with the spend now coinciding with a national escalation in transmission investment. TSAP members noted that this situation is arising at a time when supply chains and skilled labour are expected to be stretched nationwide, and when global equipment prices are high, creating delivery and affordability impacts. Members noted that the step-change in spending would create a price shock for consumers, exceeding public expectations.

AusNet assisted the TSAP to understand how the increased costs were brought about by the requirements of an ageing network undergoing a decarbonisation transition, the external cost-escalation pressures, increasing climate and digital risks, and increasing operational complexity. AusNet explained how they undertake detailed asset condition

risk assessments that allow them to determine if it is economically justifiable to replace an asset. AusNet plan to replace assets based on their condition rather than age, i.e., they replace assets only when the risk cost, or impact, of an asset failing exceeds the cost of replacing that asset. If an asset is to be replaced, AusNet examines the technically viable options for replacement. AusNet uses risk-based modelling to develop replacement expenditure forecasts and to determine the preferred economic timing for asset replacement. AusNet explained the economic timing model of investment and the risk modelling behind it, and clarified how assumptions and prioritisation decisions were made, they also explained the impact of regulatory incentive schemes on investments.

AusNet presented the TSAP with a set of technically viable options for each planned asset replacement and a detailed cost-benefit analysis of each option. AusNet calculated the net present value (NPV) of each option, and the option that delivered the maximum net benefit to customers over the analysis period (~45 years), in NPV terms, was selected as the preferred option. In this way, AusNet justified each projects inclusion in the TRR proposal and presented a transparent link between expenditure and reliability outcomes.

The TSAP reviewed and discussed AusNet plan to use RY 2026 as its opex base year. The TSAP endorsed this approach but on the basis that the additional opex incurred in 2025-26 is efficient. The TSAP notes that due to opex forecasting method AusNet are revenue neutral as to the choice of base year being 2024-25 or 2025-26, and the TSAP believed that 2025-26 was a better reflection of AusNet current opex expenditure.

Overlap between TRR and VTP:

The TSAP highlighted the importance of coordination between AusNet and VicGrid, noting that both entities will draw from the same pool of engineering, construction, and procurement resources. Without deliberate coordination, they risk competing for scarce labour and materials, leading to cost escalation, delivery delays and project prioritisation conflicts. The TSAP recommends a structured collaboration framework to align project sequencing and procurement strategies, the project priorities should be based on long-term value for consumers and a robust regulatory assessment of the economic benefits. AusNet has consistently stated that it engages in detail with both AEMO and VicGrid on the planning of major works, and this is evidenced by the removal of overlapping expenditure from the TRR proposal.

Customer Benefits Analysis:

TSAP members emphasised that investment decisions must deliver clear, measurable, and transparent benefits to consumers. The TSAP urged AusNet to ensure that expenditure was no higher than necessary to meet reliability and safety standards, and that no “gold plating” occurred.

Price Impacts and Context:

The TSAP requested greater clarity on how AusNet's proposed price path aligns with other network plans and external cost drivers. TSAP members sought assurance that consumers would be able understand how their rising bills would be split between AusNet's TRR expenditure and broader system transformation costs under the VTP and ISP. AusNet responded by providing calculations detailing the combined impact of all three regimes on consumer bills.

Deliverability, prioritisation, and contingent project design.

The TSAP challenged AusNet to consider not only the TRR capital program but also customer-initiated works, the VTP projects, and interstate transmission developments that could collectively constrain workforce and outage windows. The TSAP also encouraged AusNet to strengthen its deliverability assessment methodology, including exploring whether its maximum deliverable capacity could be expanded through alternative delivery models. The TSAP commended AusNet for presenting deliverability constraints in a transparent way, recognising that deliverability will increasingly set the ceiling for transmission investment. The resulting deliverability settings in the TRR proposal, including the use of contingent projects, selective reprioritisation, and a candid articulation of delivery risk, reflect the influence of the TSAP.

Contingent Projects:

The TSAP undertook detailed consultation on AusNet's initial list of potential contingent or deferrable projects. The TSAP provided feedback on the design of contingent project triggers, the criteria for determining which projects should be made contingent, and the logic underpinning deferral decisions. The TSAP supported the inclusion of contingent projects in the TRR, but requested safeguards to ensure consumers remain central to final investment decisions (see section 5.8). The TSAP collaborated on the design of the contingent project trigger and agreed that before AusNet submits a contingent project application to the AER, the TSAP or a similar consumer panel will be convened to discuss and endorse the application. The TSAP also sought assurances that AusNet would not benefit under the Capital Expenditure Sharing Scheme (CESS) if contingent projects were approved but not delivered. AusNet confirmed its commitment to transparency in contingent project governance and reporting.

Lessons from Previous Periods:

Members reflected on project deferrals during the prior regulatory cycle, where resource, cost pressures and economic timing led to deferred projects. AusNet demonstrated detailed cost forecasting and deliverability planning to manage delivery outcomes in the forthcoming TRR period.

5 TSAP Views on AusNet's Proposal

5.1 Safety and Reliability

The TSAP expressed strong support for AusNet's commitment to maintaining safety standards across its transmission network. Members agreed that safety-related expenditure was necessary and prudent, particularly given the age of some transmission assets and the evolving climate and operational risks they face. Several members observed that community expectations for safety have increased, and that AusNet's emphasis on hazard prevention and early risk detection represents a responsible and forward-looking approach.

In terms of reliability, the TSAP supported AusNet's proposal to maintain existing service levels rather than pursue an increased risk profile. Members agreed that reliability should remain stable, but that investment should maintain an affordability focus. In this regard, the TSAP recognised AusNet's effort to present the reliability versus cost trade-off transparently, particularly through comparative modelling that illustrated the costs of accepting increased reliability risks.

5.2 Deliverability

Deliverability was identified as one of the most material risks within the TRR proposal. AusNet has acknowledged the scale of this challenge, and the TSAP commends the company for the detailed deliverability modelling it undertook. TSAP members agreed that the combined impact of resource constraints, long equipment lead times, the increasing difficulty of securing planned outages, and the concurrent delivery of major projects within Victoria and across Australia, poses a substantial risk to timely and efficient project completion.

The TSAP notes that there were some diverging views among its members on the prioritisation of projects that is necessary when deliverability is constrained. Some TSAP members emphasised reliability and affordability while others stressed the importance of spend on load growth projects.

The limited skilled workforce to undertake the TRR program was a particular concern. With multiple jurisdictions embarking on simultaneous transmission expansions, TSAP members were concerned that competition for resources could drive up costs and delay delivery.

The TSAP devoted attention to AusNet's use of the economic timing model, which can defer investments based on economic triggers and impact the delivery timing of projects during the regulatory period. While some members accepted this model as a sensible mechanism to phase expenditure and protect consumers from premature spending, others questioned whether continued deferral remains suitable in the current environment. The energy transition's urgency, they argued, means that deferral based

solely on short-term economics may increase long-term costs and operational risks. Members therefore encouraged AusNet and the AER to review whether the model remains appropriate under current and expected market conditions.

The TSAP supported AusNet’s proposal to include contingent projects and to reprofile capital expenditure as deliverability risk management tools. However, members stressed that contingent project governance must remain transparent, with clearly defined trigger criteria and meaningful consumer involvement in the approval of contingent projects.

The TSAP recommends that the AER review how underspend outcomes are treated under the Capital Expenditure Sharing Scheme (CESS). Members expressed concern that networks might be rewarded under the current regulations for not delivering committed works, even when the underspending results from external constraints rather than genuine efficiency. The TSAP urges that only genuine efficiency gains be recognised under the CESS framework.

The TSAP supports AusNet’s exploration of alternative delivery models for the TRR, including delivery partner alliances, collaborative procurement frameworks, and partnerships to help mitigate workforce and resource risks.

5.3 Affordability and Tariff Fairness

Affordability emerged as a theme throughout the TSAP’s deliberations. Members consistently emphasised that the scale of proposed capital expenditure represents a step-change for consumers.

While the TSAP recognised that substantial investment is unavoidable given the network’s age and the demands of the energy transition, there was concern that the impact on consumers would be significant. Some members viewed the proposed cost increases as proportionate to the benefits delivered; others felt the pace and magnitude of expenditure could challenge community acceptance.

The TSAP urged AusNet to advocate for equitable tariff design and to clearly communicate the cost impacts across customer classes. Some members were concerned that tariff structures could create unintended cross-subsidies between groups such as regional, vulnerable, large, small, and solar generating customers. Against this backdrop, the TSAP noted that scheduled reviews of tariff frameworks will hopefully place an emphasis on fairness in pricing.

Several members advocated for greater communication about what consumers are receiving for their money—particularly in the context of concurrent investments under VicGrid and the ISP. Others encouraged continued focus on affordability monitoring throughout the regulatory period, including early reporting of cost outcomes and bill impacts as projects are delivered.

The TSAP commends AusNet's efforts to assist the TSAP to understand the impact of the TRR on consumer bills including the broader impacts of the VTP and ISP. Section 13.6 of the AusNet TRR Proposal provides a clear summary of expected customer impacts.

5.4 Resilience

The TSAP supported AusNet's inclusion of resilience expenditure in the TRR, recognising that increasing climate volatility and extreme weather events have increased the risk profile for the transmission network. Members viewed these initiatives, e.g., strengthening assets to withstand more frequent and severe weather events, bushfires, and other climate-related hazards, as consistent with long-term reliability and safety objectives.

The TSAP acknowledges that resilience is a relatively new concept in regulatory assessment and that both AusNet and the AER face challenges in defining and quantifying its value and consequences. Some members called for strong benchmarking and the use of probabilistic modelling to underpin resilience-related expenditure. They recommended that AusNet continue work they are pursuing to model the likelihood and consequences of climate-related events and articulate how proposed investments would reduce long-term costs or service interruptions. The TSAP encourages the AER to develop clear guidance on resilience assessment to help ensure consistency across the sector.

5.5 Landholder and Social Licence

The TSAP recognised improvements in AusNet's landholder engagement and social licence approach. AusNet has placed greater emphasis on early consultation, and community dialogue.

The TSAP recommends that AusNet report on consultation outcomes, including how landholder and community feedback influences project design, route selection, and mitigation measures.

5.6 Digital Transformation

The TSAP supported AusNet's digital and cyber-security initiatives, noting that digital transformation is essential to modern network management, reliability, safety, customer service, and resilience. Members agreed that the digital investments deliver benefits to consumers by enhancing network integrity, operational efficiency, and responsiveness to outages and cyber threats.

However, the TSAP requested clarification on AusNet's role relative to AEMO's, to ensure there is no duplication of effort or expenditure on digital initiatives. AusNet acknowledged this concern and committed to clarifying boundaries and collaboration mechanisms.

The TSAP also requested a clearer demonstration of customer value for digital projects, with measurable outcomes and performance metrics tied to each initiative. Members emphasised that digital investments should not be viewed as internal efficiency measures alone but as enablers of improved consumer outcomes, such as faster outage restoration, improved reliability forecasting, appropriate cyber security, and better integration of distributed energy resources.

5.7 Capex and Opex

The TSAP considered AusNet's overall capital and operating expenditure forecasts to be reasonable and evidence based. Members noted that AusNet had provided detailed justification for major programs and had transparently linked spending to asset condition data, reliability, resilience and risk assessment frameworks.

The TSAP supported AusNet's focus on condition-based replacement and ageing asset management, viewing this as an approach that prioritises reliability.

The absolute costs of the TRR projects are based on AusNet cost estimates. These estimates are technical in nature, and an assessment of their correctness is beyond the scope or capability of the TSAP. However, the TSAP is comfortable that the network replacement expenditure proposed in the TRR has been developed with the intention of maintaining safe, reliable, and secure transmission services at the lowest, risk weighted, long-run cost to consumers.

The TSAP commends AusNet's willingness and efforts to explain the technical rationale for projects and the step changes in expenditure. The TSAP encourages continued transparency in benchmarking methodologies and ongoing communication of efficiency improvements throughout the regulatory period.

5.8 Contingent Projects

The TSAP supported AusNet's use of contingent projects as a prudent mechanism for managing delivery uncertainty. Contingent projects allow investment to proceed only when clearly defined triggers materialise. Members agreed that this approach protects consumers from paying prematurely for infrastructure that may not be deliverable or immediately required.

The TSAP supports transparent trigger criteria and agrees with the proposal that before AusNet's submits a contingent project application to the AER, the TSAP or a similar consumer representative will be convened to discuss and endorse the application. The willingness of AusNet to have the TSAP (or a similar consumer group) involved throughout the regulatory period is to be commended. It is important that this group has a meaningful opportunity to influence decisions.

The TSAP encourages AusNet to report regularly on contingent project progress and outcomes throughout the period.

5.9 Market Context vs Growth Plans

The TSAP identified a key risk in the TRR is the relationship between AusNet's TRR proposal, VicGrid's VTP, AEMO' ISP, and other jurisdictions' transmission plans. Members noted that uncoordinated investment schedules could strain shared resources and increase overall system costs.

The TSAP therefore urges ongoing coordination between AusNet, VicGrid, AEMO, and other transmission providers to avoid duplication, resource conflicts, and inconsistent stakeholder messaging. Members also highlighted that effective sequencing of projects is essential to managing workforce pressures and ensuring affordability for consumers.

6 Risk and Uncertainty Management

The TSAP supports AusNet's approach to risk management, particularly the development of its internal deliverability model and associated risk analysis. Members noted that AusNet has demonstrated proactive de-risking approaches, including;

- hiring for roles needed to deliver an uplift in capital expenditure in the remainder of the current regulatory period,
- uplifting employee attraction and retention programs,
- creating a delivery partner and procurement strategy,
- investigating innovative work methods that can improve productivity of capital delivery,
- expanding live line work to reduce the need for outages,
- investigating innovative delivery and contracting models.

The TSAP remains concerned that global supply shortages and commodity price volatility might contribute to project delays (due to economic timing). TSAP members expressed concern over the cumulative risk exposure if multiple large projects experience delays simultaneously. Members encouraged AusNet to continue refining its scenario testing capability to model a range of plausible outcomes based on labour availability, material supply, and cost escalation risks.

The TSAP also encouraged AusNet's exploration of innovative delivery and contracting models that enhance flexibility and capacity in a constrained labour market. These could include collaborative delivery frameworks such as strategic partnerships, or shared resource pools across jurisdictions. The TSAP noted that such models can improve scheduling certainty, reduce transactional overheads, and provide mechanisms for shared risk management between AusNet and contractors.

Overall, the TSAP recognises that AusNet’s proactive approach to risk identification and mitigation is a strength of its TRR proposal. Risk management must remain a dynamic process throughout the regulatory period, with monitoring and transparent reporting of emerging constraints.

7 Transparency, Delivery Reporting, and Future Reviews

7.1 Onboarding and Continuity

The TSAP supports the continuation of an independent consumer advisory body through future TRR cycles. The TSAP believes that the establishment of the TSAP for the 2027–2032 proposal improved the quality, accountability, and consumer relevance of AusNet’s submission. To preserve this momentum, the TSAP recommends that structured induction materials be developed for future members.

An AER-defined onboarding process, supported by AusNet and other regulated networks, would ensure that all new members, regardless of their technical or policy background, enter the process with an understanding of the regulatory framework, AusNet’s asset base, and the role of consumer engagement. A structured induction could include training on regulatory principles, TRR methodology, and the energy transition context.

The TSAP also recommends the establishment of a standing consumer panel between resets to maintain continuity and track progress against commitments made during the TRR proposal development. Such a forum would allow AusNet to provide updates on delivery performance, consumer outcomes, and emerging priorities while preserving the knowledge gained through the 2024–2025 engagement process. Sustained consumer involvement will strengthen long-term accountability.

7.2 Engagement Planning

The TSAP recommends that AusNet produce an annual engagement roadmap, aligned with major TRR milestones and investment decision points. This roadmap should outline when and how consumer stakeholders will be consulted throughout the regulatory period, including transparency on project delivery, performance reporting, and lessons learned from post-investment reviews.

Engagement planning should evolve in response to changing circumstances, emerging risks, and stakeholder expectations. A structured, living engagement roadmap would ensure that engagement remains timely, and relevant.

The TSAP suggests that AusNet work with the AER and VicGrid to coordinate engagement activities and ensure a consistent approach to consumer involvement.

7.3 Transparency and Delivery Reporting

The TSAP supports the continued use of structured reporting mechanisms, including:

- **Annual delivery reports** that summarise progress against planned works, expenditure forecasts, and deliverability outcomes.
- **Post-investment reviews** to evaluate whether completed projects delivered their expected benefits and to capture lessons learned.
- **Updates on major projects and contingent triggers** that clearly explain the rationale, timing and impact of investment decisions.

The TSAP also recommends continued collaboration with VicGrid, AEMO, and other stakeholders during project delivery to maintain alignment and prevent duplication of effort. This includes coordination on project sequencing, landholder engagement, and communication of system-wide impacts. Members noted that AusNet’s willingness to engage transparently with external agencies during the proposal’s preparation should continue throughout execution.

8 Closing Remarks

The TSAP acknowledges and thanks AusNet for its professionalism, openness, and responsiveness throughout the TRR 2027–2032 development process. Members agreed that AusNet approached engagement as a genuine opportunity to test assumptions and improve the consumer relevance of its proposal.

While members sometimes held differing views on the balance between affordability, deliverability, and timing, all agreed that the company’s approach was transparent, collaborative, and consistent with the principles of the AER’s *Better Resets Handbook*. The TSAP particularly commends AusNet for its willingness to incorporate feedback, adapt methodologies, and share technical data openly with stakeholders.