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7 April 2026

Andrew Ponsonby  
Senior Regulatory Economist  
AusNet Services  
Level 31, 2 Southbank Boulevard  
Melbourne, Victoria 3006

By email: [REDACTED]

Dear Andrew,

**Re: AER determination – AusNet – Cost Pass Through – 2026-27 Easement Tax Event**

I am writing to advise you of the Australian Energy Regulator's (AER) assessment of AusNet Services' cost pass through application, submitted on 20 February 2026, in relation to a change in easement land tax payable in 2026–27.

In accordance with clauses 6A.7.3 and 11.6.21 of the National Electricity Rules (NER), the AER has determined that a positive change event has occurred, and AusNet Services is entitled to recover a pass through amount of \$45,404,318 (\$2026-27). AusNet Services can adjust its maximum allowed revenue in the 2026-27 regulatory year by this amount, in accordance with its 2022-27 revenue determination.

Details of the AER's assessment against the relevant factors set out in the NER are included in Attachment A. If you have any queries in relation to this matter, please contact Monali Samaranayake at [REDACTED]

Yours sincerely

[REDACTED]

David Monk  
Acting General Manager  
Network Expenditure

Sent by email on: 07.04.2026

# Attachment A: Reasons for determination

## 1. Background

AusNet Transmission Group Pty Ltd (AusNet), formally SPI PowerNet, is the licensed transmission entity of AusNet Services.<sup>1</sup> The Victorian Government levies land tax on easements owned by AusNet Services and used by its electricity transmission network. A forecast for the easement land tax (ELT) payable was made in AusNet Services' 2022–27 revenue determination.<sup>2</sup>

The National Electricity Rules (NER) allow AusNet Services to pass through costs related to the payment of ELT to users of its transmission network.<sup>3</sup> The NER also allows AusNet Services to recover any difference between the actual amount of ELT payable and the forecast of ELT payable made in its revenue determination. The variance between actual ELT payable and the forecast ELT is known as an easement tax change event.<sup>4</sup> The NER does not apply a materiality threshold to easement tax change events.<sup>5</sup>

## 2. Assessment

On 20 February 2026, AusNet Services submitted a cost pass through application to the AER. The application related to a positive easement tax change event for 2026-27 ELT as assessed by the State Revenue Office of Victoria.

Clauses 6A.7.3(j) and 11.6.21 of the NER set out a number of matters that we are required to take into account when determining:

- whether a positive or negative easement tax change event has occurred
- the approved pass through amount
- the amount of the approved pass through amount that should be passed through to transmission network users.

Regarding the relevant factors listed in clauses 6A.7.3(j) and 11.6.21 of the NER, we have:

- considered the matters and proposals set out in AusNet Services' written application
- calculated the costs AusNet Services will incur as a result of the positive change event in the 2026-27 regulatory year
- taken into account the time cost of money to calculate the required positive pass through amount
- concluded that the costs incurred relating to the pass through event under consideration are not the subject of any previous determination by us under clause 6A.7.3.

We are satisfied that the change in the ELT amount payable by AusNet Services in 2026-27 compared to the forecast amount in its 2022-27 revenue determination meets the definition of an easement tax change event.

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<sup>1</sup> ESC, *Electricity Transmission Licence – AusNet Transmission Group Pty Ltd: Schedule 2*, 3 June 2015.

<sup>2</sup> AER, *Final Decision: AusNet Services 2022–27 – Attachment 6 – Operating expenditure, January 2022*, pp. 32–33.

<sup>3</sup> NER cl 6A.7.3.

<sup>4</sup> NER cl 11.6.21(a).

<sup>5</sup> NER cl 11.6.21(d)(2).

### 3. Positive Change Event

To approve the cost pass through application we must determine that a positive change event has occurred. The NER defines a positive change event as:<sup>6</sup>

‘... a pass through event which entails the Transmission Network Service Provider incurring materially higher costs in providing prescribed transmission services than it would have incurred but for that event.’

Further to this, transitional rule 11.6.21 provides that an easement tax change event is a positive change event, regardless of whether it meets the materiality threshold that would ordinarily form part of the consideration. An easement tax change event is defined as:<sup>7</sup>

‘...a change in the amount of land tax that is payable by SPI PowerNet in respect of the easements which are used for the purposes of SPI PowerNet’s transmission network.<sup>8</sup> For the purposes of this definition, the change in the amount of land tax that is payable by SPI PowerNet must be calculated as the difference between:

- (1) the amount of land tax that is payable in each regulatory year by SPI PowerNet, as advised by the Commissioner of State Revenue, Victoria; and
- (2) the amount of land tax which is forecast for the purposes of and included in the revenue determination for each regulatory year of the regulatory control period.’

AusNet Services has provided the assessment notice from the State Revenue Office of Victoria showing the land tax payable for 2026-27. This amount differs from the amount forecast for this purpose in the 2022–27 revenue determination.

Thus, we are satisfied that an easement tax change event has occurred and that it is a positive change event.

### 4. Calculation of pass through amount

AusNet Services provided the assessment notice from the State Revenue Office of Victoria which shows tax payable of \$258,781,390 between May 2026 and April 2027.<sup>9</sup> The State Revenue Office of Victoria calculates land tax every year based on the most recent site valuation.

In its application submitted to the AER, we consider that AusNet Services has incorrectly calculated the positive pass through amount.

Our 2022–27 revenue determination for AusNet Services made an allowance for forecast ELT of \$173,610,305 (\$2021-22) for the 2026-27 regulatory year.<sup>10</sup> This allowance was escalated to real \$2026-27 using the annual percentage change in the CPI (September 2025 quarter), with the forecast ELT determined to be \$213,377,072 (\$2026-27).

The appropriate pass-through amount is the difference between actual land tax payable and forecast land tax (escalated to nominal dollars), as per our determination. The calculation is as follows:

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<sup>6</sup> NER, chapter 10 (definition of 'positive change event').

<sup>7</sup> NER, cl 11.6.21(a).

<sup>8</sup> The legislation refers to SPI PowerNet, the previous name of the licensed transmission entity of AusNet Services.

<sup>9</sup> AusNet Services, *2026-27 Application for Pass through of Easement Tax Event*, 20 February 2026.

<sup>10</sup> AER, *Final Decision: AusNet Services 2022–27 – Attachment 6 – Operating expenditure, January 2022*, pp. 32–33.

1. verify the actual land tax payable: \$258,781,390 (\$2026-27), as per the 2026 Land Tax Assessment Notice.
2. escalate the forecast easement land tax to a comparable basis (\$2026-27):  
 $\$173,610,305 \times (1 + 2.45\%)^{11} \times (143.6/139.1)^{12} \times (139.1/135.3)^{13} \times (135.3/128.4)^{14} \times (128.4/119.7)^{15} = \$213,377,072$
3. determine the difference ((1) subtract (2)): \$258,781,390 - \$213,377,072  
 = \$45,404,318

AusNet Services' calculation of the difference between the forecast and actual land tax was \$45,438,084. This slightly different figure was caused by AusNet Services miscalculating the annual percentage change in the CPI (September 2025 quarter) when escalating the forecast ELT for the 2026-27 regulatory year.

## 5. Other relevant factors

Requirement of the NER	Our consideration
We must take into account the efficiency of AusNet Services' decisions and actions in relation to the risk of the event.	We consider that AusNet Services has operated efficiently in its decisions and actions relating to the risk of the positive change event occurring. As the land tax amount payable is a decision of the Victorian Government (State Revenue Office), we consider that AusNet Services has not taken (or omitted to take) any action that would be likely to increase (or decrease) the magnitude of the positive change event.
We must take into account the time cost of money.	We have taken into account the time cost of money to calculate the required positive pass through amount. The approved amount will be passed through to users in the regulatory year in which those costs occur.
We must take into account the need to ensure that the pass through amount reflects only the costs incurred solely as a consequence of the easement land tax.	We consider that the costs to be recovered by AusNet Services due to this pass through event are solely attributable to the easement tax change event.
The AER will have regard to whether there has been any change in the way that the easement land tax is calculated or whether taxes that are complementary to the easement land tax have been imposed or removed.	We are not aware of any changes in the way other taxes are calculated, or any other taxes that have been removed or imposed which are complementary to this easement tax change event.
We must take into account whether the costs of this pass through event have already been factored AusNet Services' maximum allowed revenue for this	We consider that the costs of the pass through event are established by cl.11.6.21 and are defined as the difference between certain costs for which an allowance is made under the revenue determination, and the actual costs incurred. As such,

<sup>11</sup> As per the AER's 2022–27 determination forecast, a constant inflation rate of 2.45% is utilised to convert the real forecast into nominal dollar terms. See, AER, *Final Decision Overview: AusNet Services 2022–27*, January 2022, p. 26. While the inflation value presented in this determination is rounded to two decimal places, the pass-through amount has been calculated using the unrounded value in the 2022–27 determination Post-Tax Revenue Model.

<sup>12</sup> September 2025 CPI/September 2024 CPI. Source: ABS 6401017.0 Consumer Price Index - Index Numbers; All groups CPI; Australia.

<sup>13</sup> September 2024 CPI/September 2023 CPI. ABS 6401017.0 Consumer Price Index - Index Numbers; All groups CPI; Australia.

<sup>14</sup> September 2023 CPI/September 2022 CPI. ABS 6401017.0 Consumer Price Index - Index Numbers; All groups CPI; Australia.

<sup>15</sup> September 2022 CPI/September 2021 CPI. ABS 6401017.0 Consumer Price Index - Index Numbers; All groups CPI; Australia.

regulatory period or subsequent regulatory periods.

the costs of the pass through event are, by definition, not factored into AusNet Services' maximum allowed revenue for the 2022–27 regulatory control period.

We must consider the extent to which the costs that AusNet Services has incurred and is likely to occur are the subject of a previous determination made by the AER under clause 6A.7.3.

We consider that the costs incurred relating to the pass through event under consideration are not the subject of any previous determination by us under cl.6A.7.3.

We must consider whether any other factors are relevant.

We do not consider any other matters to be relevant.

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