Draft Decision

AusNet Services electricity transmission determination 2027 to 2032

(1 April 2027 to 31 March 2032)

Overview

June 2026

AUSTRALIAN ENERGY REGULATOR

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Amendment record

Version	Date	Pages
1	30 June 2026	44

Invitation for submissions

AusNet Transmission Group Pty Ltd (ABN 78079798173) is a regulated transmission network service provider (TNSP). It has the opportunity to submit a revised proposal in response to this draft decision by 1 September 2026.

Interested stakeholders are invited to make a submission on both our draft decision and AusNet's revised proposal (once submitted) by Monday, 28 September 2026.

Submissions should be sent to AERresets2027-32@aer.gov.au and addressed to Kami Kaur, A/g Executive General Manager Network Regulation. Alternatively, you can mail submissions to GPO Box 3131, Canberra ACT 2601.

Submissions should be in Microsoft Word or other text readable document format.

We prefer that all submissions be publicly available to facilitate an informed and transparent consultative process. We will treat submissions as public documents unless otherwise requested.

We request parties wishing to submit confidential information: clearly identify the information that is the subject of the confidentiality claim; and provide a non-confidential version of the submission in a form suitable for publication.

Pre-determination conference

We will be hosting a public forum on 22 July 2026 to explain our draft decision.

Consumer engagement is a valuable input to our determination and we encourage all interested stakeholders to join us.

Details of how to register for this forum are available on our website and through Eventbrite.

List of attachments

This attachment forms part of the Australian Energy Regulator's (AER's) draft decision on the transmission determination that will apply to AusNet for the 2027–32 regulatory control period. It should be read with all other parts of the draft decision.

The draft decision includes the following attachments:

Overview

Attachment 1 – Building block approach: Maximum allowed revenue, Regulatory asset base, Regulatory depreciation and Corporate income tax

Attachment 2 – Capital expenditure

Attachment 3 – Operating expenditure

Attachment 4 – Pass through events

Attachment 5 – Efficiency benefit sharing scheme

Attachment 6 – Capital expenditure sharing scheme

Attachment 7 – Service target performance incentive scheme

Attachment 8 – Demand management innovation allowance mechanism

Attachment 9 – Pricing methodology

Attachment 10 – Negotiating framework

Executive summary

The Australian Energy Regulator (AER) is responsible for the economic regulation of electricity transmission and distribution systems in all states and territories except Western Australia. We exist to ensure energy consumers are better off, now and in the future. Consumers are at the heart of our work, and we focus on promoting a secure, reliable and affordable energy future for Australia.

This draft decision is for AusNet Transmission Group Pty Ltd's (AusNet's) electricity transmission determination for the period 1 April 2027 to 31 March 2032. Our draft decision would allow AusNet to recover total revenue of $4,754.4 million ($ nominal, smoothed) over the 2027–32 period. This is $58.5 million higher than AusNet's proposal and $1,819.6 million higher than the revenue we approved for the current 2022–27 period.

Overall, our draft decision reflects a higher revenue requirement compared to the 2022–27 period due to higher interest rate and inflation inputs, and our assessment that an uplift in capital and operating expenditure is required to maintain the condition of assets and the safety and reliability of the network.

We recognise the need for increased expenditure to maintain the safety and reliability of Victoria's shared transmission network. Our draft decision for capital expenditure (capex) is 53% or $592.2 million higher than the current period actual and expected expenditure. However, we are not satisfied that AusNet's proposal in all respects reflects the efficient costs of a prudent operator. Our draft decision therefore includes a targeted 29.8% (or $726.2 million) reduction to forecast capex to better balance the need for investment and affordability and deliver transmission services at least cost to consumers.

The expenditures and resulting revenue approved in this determination is a subset of the total investment required in the Victorian transmission system. Our draft decision is made in the broader context of the energy transition, which requires significant investment in new transmission to link new sources of electricity generation to the network, cater for a rise in electricity demand and to provide system stability.

While AusNet own and operate the transmission network in Victoria, VicGrid is responsible for the planning and investment in new transmission assets in Victoria. We are therefore focused on ensuring consumers pay no more than necessary for safe, reliable and secure transmission services of the *existing* transmission system.

Forecast revenue is driven by higher macroeconomic inputs and a genuine need for more expenditure to maintain a safe and reliable network

We estimate that about 59% of the increase in revenue compared to the 2022–27 period is driven by macroeconomic factors, specifically higher interest rates and inflation. Compared to our final decision for the 2022–27 period, when interest rates were at historic lows, this draft decision applies a higher rate of return (up 1.8 percentage points[1]) to the regulatory asset base.

The other 41% increase in revenue is driven by higher forecast capex and operating expenditure (opex) compared with the 2022–27 period. Our draft decision has carefully

[1] This is the difference between the 5-year average WACC over the 2027–32 period and the 2022–27 period.

tested whether the scale, timing and scope of AusNet's proposed expenditure on the existing transmission system in Victoria is prudent and efficient. In doing so, we have sought to balance the need for ongoing investment in a safe and reliable network with affordability for consumers.

Although the total revenue requirement is increasing, forecast electricity throughput on the Victorian transmission network is also expected to rise by 14.1% over the 5 years to 2032.[2] This is expected to moderate the rise in transmission charges. Nevertheless, we estimate that this draft decision would increase annual bills by around $11 per annum for a typical residential customer and $29 per annum for a typical small business customer.

Our draft decision targets key areas identified in our issues paper, is informed by stakeholder feedback and our recent decisions

In our issues paper, we identified preliminary issues that would be central to our assessment of AusNet's proposal. Asset condition and the prudent timing of efficient capex, efficient operating expenditure – particularly with respect to new opex proposals (step changes), and uncertainty mechanisms. These issues have remained the focus of our assessment.

We recognise the work AusNet has undertaken to engage with stakeholders, and that its revenue proposal is supported by thorough engagement. We have considered the engagement process and outcomes, as well as the stakeholder submissions in making our draft decision.

In doing so, our role is to test whether proposed expenditure reasonably reflects the costs of a prudent operator acting efficiently. Where we are not satisfied of that, the Rules require us to substitute an alternative estimate. We note that, in the context of significant investment underway in Victoria's transmission sector, stakeholders have been clear that the proposal needs to be efficient and prudent.

Our draft decision is also intended to be consistent, where relevant, with recent decisions and particularly in relation to risk allowances, cyber security, ICT and shared expenditure issues.

We made targeted reductions to AusNet's forecast capex to make it more efficient and reduce deliverability risk

Our draft decision is to not accept AusNet's proposed total forecast capex of $2,437.0 million for the 2027–32 period. Our alternative estimate is $1,710.9 million, which is $726.2 million, or 29.8%, lower than AusNet's proposal. Even after these reductions, our draft decision still provides for a substantial step up in capital expenditure compared with actual and estimated expenditure over the current 2022–27 period.

We recognise the need for increased replacement expenditure due to asset condition. However, our assessment indicates that AusNet's capital program can be delivered at lower cost and with better targeting of expenditure over time. The key drivers of our lower alternative estimate are reductions to forecast costs, including the removal of unsupported risk allowances and contractor incentives. We also made project deferrals and scope

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2 AEMO, *National Electricity and Gas forecasting - 2025 Electricity Statement of Opportunities (ESOO)*, Accessed on 19 December 2025.

reductions where expenditure was not demonstrated to be required within the next regulatory control period or to maximise net economic benefit to consumers.

In particular, our alternative major stations estimate reflects prudent deferrals to some projects and the removal of unsupported risk allowances and contractor incentives. We have reduced the scope for other replacement expenditure where AusNet has not shown replacement to be efficient within the 2027–32 period.

For compliance, resilience and ICT, our draft decision accepts expenditure where AusNet has demonstrated a prudent and efficient need. This includes a substantial proportion of AusNet's proposed ICT program and several compliance related projects including the need to address safety on low spanning transmission lines. However, we have not accepted the full scope of AusNet's proposed programs where the supporting information did not demonstrate that the proposed expenditure was prudent or efficient for consumers, or that the expected benefits justified the proposed costs

Stakeholders raised concerns about the scale of the capex uplift, affordability and whether AusNet could deliver the proposed program in full over the next 5 years. We have had regard to those concerns in reaching our draft decision. Our draft decision aligns closer to prudent and efficient timing, scope and cost, and may reduce deliverability risk.

We reduced AusNet's new opex (step changes) to make it more efficient

Our draft decision reduces AusNet's forecast opex (excluding easement land tax) from $754.7 million to $734.6 million. This is a reduction of $20.1 million, or 2.7%, relative to AusNet's proposal.

Our draft decision nevertheless represents a material increase in forecast opex compared with actual and estimated opex over the 2022–27 period. While there is a need for higher efficient expenditure in a number of areas, we are not satisfied that all of AusNet's proposed step changes are prudent and efficient. In particular, we have reduced the digital step change where proposed ICT programs were not sufficiently justified, and we have not included the landholder engagement step change in our alternative estimate, as this does not represent a new regulatory obligation, and AusNet can choose to fund this through its base and trend opex.

We are focused on price stability and allocating risk to parties better able to manage it

AusNet proposed a new nominated cost pass through event to recover, within the regulatory period, the costs of undertaking augmentation works under the direction of VicGrid. Our draft decision is to not accept this proposed nominated cost pass through event.

We are not satisfied that a new nominated cost pass through event is justified. Existing mechanisms already provide a pathway for AusNet to recover efficient augmentation costs. In our view, introducing an additional in-period cost recovery mechanism would create unnecessary uncertainty for consumers and could overlap with existing arrangements.

We are focused on minimising the number of in-period nominated cost pass throughs to reduce price uncertainty for consumers. Our draft decision therefore retains the current risk-sharing and existing cost recovery mechanisms.

AusNet has an opportunity to respond to our draft decision and stakeholders are encouraged to provide us with feedback

AusNet has an opportunity to submit a revised proposal in response to this draft decision. Under the Rules, any revisions must be directed to incorporating the substance of changes

required by, or addressing matters raised in, the draft decision.[3] We expect AusNet's revised proposal to respond to the issues identified in this draft decision, including the scale, timing and justification of expenditure, the interaction between expenditure and deliverability, and the proposed cost pass through mechanism for VicGrid directed investments.

3 NER, cl 6A.12.3(b)(1).

Contents

1 Our draft decision

Our draft decision would allow AusNet to recover total revenue of $4,754.4 million ($ nominal, smoothed) from consumers from 1 April 2027 to 31 March 2032.

Our draft decision is $58.5 million (1.2%) higher than AusNet's proposal of $4,696.0 million, in nominal terms. While our draft decision reduces AusNet's forecast capex and opex, these are more than offset by higher revenue adjustments and changes in key market variables, including a higher rate of return, higher consumer price index (CPI) and lower expected inflation. As a result, total revenue is higher than under AusNet's proposal.

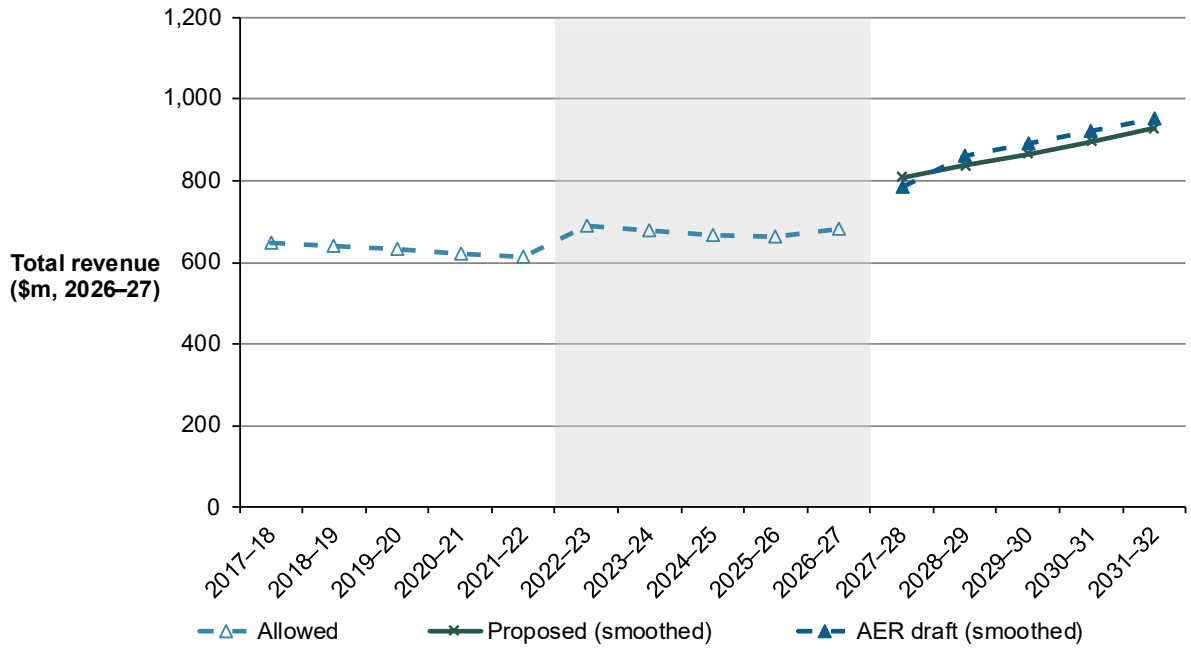
In the sections below, we briefly outline what is driving AusNet's revenue, and the key differences between our draft decision and AusNet's proposal.

1.1 What is driving revenue?

Revenue is driven by changes in real costs and inflation. To compare revenue from one period to the next on a like-for-like basis in this section, we use 'real' values based on a common year (2026–27) that have been adjusted for the impact of inflation.[4]

In real terms, this draft decision would allow AusNet to recover $4,409.4 million ($2026–27, smoothed) from consumers over the 2027–32 period. This is 30.5% higher than our decision for the current (2022–27) period. Changes in AusNet's revenue over time are shown in Figure 1, along with our draft decision smoothed revenue for the 2027–32 period compared to what AusNet proposed.

Figure 1 Changes in regulated revenue over time ($ million, 2026–27)



Source: AER analysis.

[4] That is, 31 March 2027 dollar terms based on AusNet's estimated actual revenue for 2026–27.

Figure 2 highlights the key drivers of the change in real terms between the revenue approved for AusNet for the 2022–27 period and in this draft decision for the 2027–32 period. It shows that our draft decision provides for increases in the following building blocks:

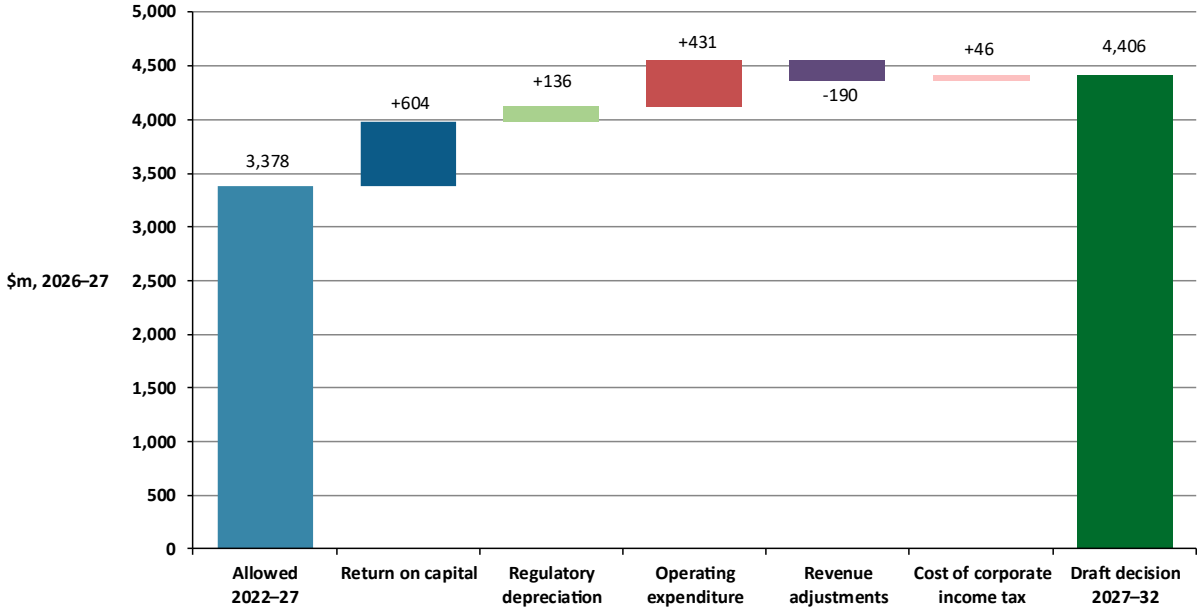
- return on capital, which is based on the opening RAB, forecast capex and the rate of return. This is $603.7 million (58.7%) higher than in the 2022–27 period, driven by:
  - a higher opening RAB than was forecast at the 2022–27 determination. This is primarily driven by higher actual inflation outcomes than expected at the 2022–27 determination, an estimated capex overspend for the 2022–27 period, and the roll-in of growth assets, reflecting the transmission planning arrangements in Victoria (explained further in section 2.1)
  - higher forecast capex in the 2027–32 period compared to the 2022–27 period, contributing to growth in AusNet's forecast RAB over the 2027–32 period (as shown in Figure 3)
  - a higher rate of return being applied in the 2027–32 period, reflecting changes in financial market data in accordance with the 2022 *Rate of Return Instrument.*
- regulatory depreciation, which is $136.5 million (24.8%) higher than the 2022–27 period. This is primarily driven by a higher opening RAB and forecast capex in the 2027–32 period.
- forecast opex, which is $431.5 million (25.1%) higher than our opex forecast for the 2022–27 period, primarily driven by increases in forecast easement land tax. Other factors contributing to the increase are a rise in base opex and the inclusion of a digital step change to fund changing ICT needs.
- cost of corporate income tax, which is $46.3 million higher than the $1.0 million ($2026–27) forecast at the 2022–27 determination. This is primarily driven by a higher return on equity and higher regulatory depreciation in the 2027–32 period, which increase taxable income. This increase is partially offset by higher tax depreciation (a deductible expense), driven by higher forecast capex and immediate expensing of capex, which reduces taxable income.

These increases are partially offset by our draft decision on revenue adjustments, which are $190.3 million lower than in the 2022–27 period. This reduction mainly reflects a shift from benefits under the efficiency benefit sharing scheme (EBSS) and capital expenditure sharing scheme (CESS) in the 2022–27 period to penalties in the 2027–32 period.

Figure 3 shows the value of AusNet's RAB over time, in real terms. Our draft decision forecasts a RAB increase of $448.5 million (9.4%) over the 2027–32 period. The forecast RAB excludes any growth assets (augmentation capex) that may be commissioned during the 2027–32 period. These assets would instead be added to the RAB at the next regulatory determination.[5]

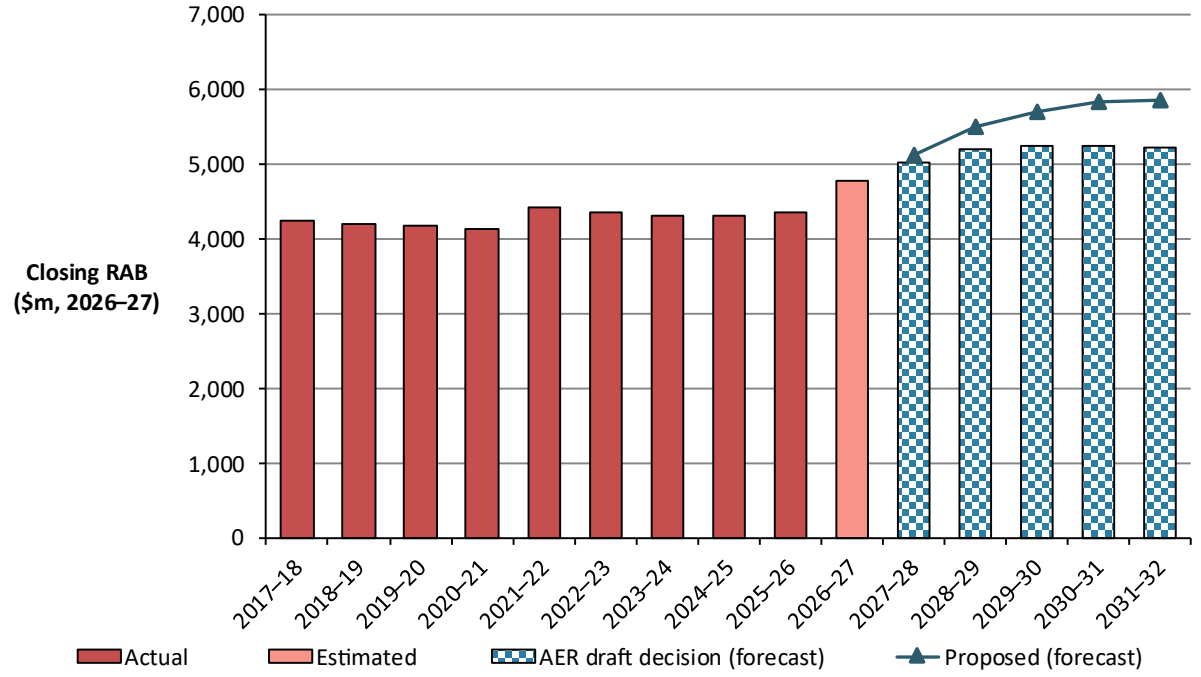
[5] As discussed in section 2.1, our draft decision is to roll in $299.2 million of growth assets to the opening RAB as at 1 April 2027.

Figure 2 Changes in total revenue between 2022–27 period and 2027–32 period ($ million, 2026–27, unsmoothed)



Source: AER analysis.
Note: This comparison is based on converting nominal forecast amounts into real dollar terms using lagged CPI. The 2022–27 building blocks and allowed revenue also exclude cost pass through amounts recovered through a C-factor mechanism as part of the annual pricing process.

Figure 3 AusNet's RAB value over time ($ million, 2026–27)



Source: AER analysis.

1.2 Key differences between our draft decision and AusNet's proposal

We determine a total annual building block revenue requirement of $4,405.7 ($2026–27, unsmoothed) for AusNet over the 2027–32 period. This amount reflects our draft decision on the various building block costs and represents an increase of $67.3 million (1.6%) relative to AusNet's proposal of $4,338.3 million.

The main areas of difference between our draft decision and AusNet's proposal include:

- lower forecast capex, which is $726.2 million (29.8%) lower than AusNet's proposal (section 2.4), reflecting lower forecasts for replacement and compliance expenditure.
- lower forecast opex, which is $20.1 million (2.7%) less than AusNet's proposal (excluding easement land tax), driven by our estimate including a lower amount for AusNet's digital step change, and not including the landholder engagement step change (section 2.5)
- higher revenue adjustments, mainly due to lower EBSS penalties determined in our draft decision compared to AusNet's proposal (section 2.7).

Movements in market variables also contributed to different revenue outcomes in our draft decision compared to AusNet's proposal.[6] These include:

- our updates to the CPI inputs for 2025–26 and 2026–27 in the RAB roll forward model (RFM), which are higher than the estimated values adopted by AusNet in its proposal. These updates have led to a higher opening RAB as at 1 April 2027 compared to AusNet's proposal (section 2.1)
- our updated calculation of AusNet's rate of return, which increased to 6.56% from AusNet's placeholder estimate of 6.20% (section 2.2).[7] While we have made significant reduction to AusNet's proposed forecast capex, the higher rate of return and higher opening RAB have largely offset the resulting reduction in the return on capital from the lower forecast capex
- lower expected inflation (section 2.2), based on the Reserve Bank of Australia's (RBA) May 2026 *Statement on Monetary Policy* (2.45% per annum compared with 2.62% in AusNet's proposal). The combined impact of a higher opening RAB and lower expected inflation has more than offset the resulting reduction in straight-line depreciation from the lower forecast capex.[8]

Updates to these market variables have also contributed to a higher cost of corporate income tax than in AusNet's proposal, reflecting a higher return on equity and higher regulatory depreciation, which increase taxable income (section 2.6).

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6 These updates in market variables are a standard part of our decision-making process and do not reflect areas of difference between us and AusNet.

7 Average nominal vanilla weighted average cost of capital (WACC) over the 2027–32 period.

8 The regulatory depreciation amount is the net total of the straight-line depreciation, less the inflation indexation of the RAB, which reduces the indexation on the RAB.

1.3 Expected impact of our draft decision on electricity bills

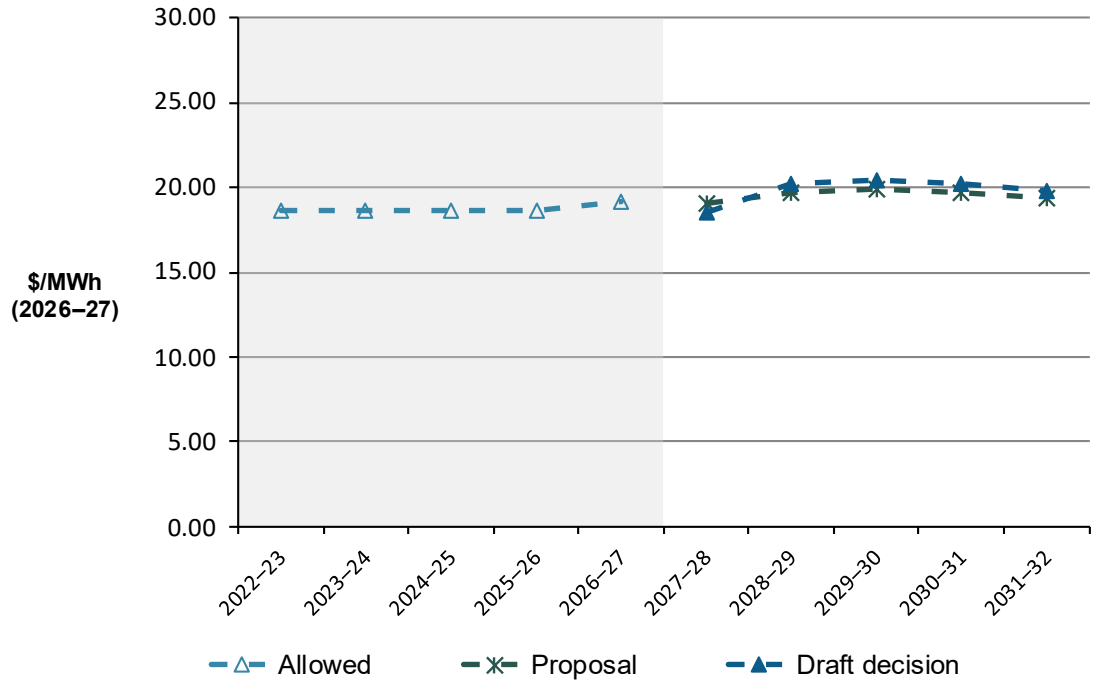
AusNet recovers its transmission regulated revenue through transmission charges, set annually in accordance with the pricing methodology approved by us as part of this determination. Our draft decision is not to accept the proposed pricing methodology, but rather substitute it with an amended version that makes minor updates, as discussed in section 4.

For illustrative purposes only, we estimate the modelled impact of this draft decision would be a total increase to AusNet's transmission charges of around 24.3% in real terms by 2031–32 compared to current 2026–27 levels, or an average increase of 4.4% per annum.[9]

Although the total revenue requirement is increasing, forecast electricity throughput on the Victorian transmission network is also expected to rise by 14.1% over the 5 years to 2032.[10] This is expected to moderate the rise in transmission charges.

This estimate will be subject to ongoing revenue adjustments and changes in consumer energy consumption during the 2027–32 period. Figure 4 compares this indicative price path for the 2027–32 period to the 2022–27 period.

Figure 4 Change in indicative charges for 2022–27 to 2027–32 ($2026–27, $/MWh)



Source: AER analysis.

9 We updated AusNet's proposed energy forecast using Operational Consumption as sent-out data from AEMO's 2025 ESOO, which is net of small non-scheduled generation, rooftop PV and energy efficiency. The average increase in indicative network charges of 4.4% per annum ($2026–27) reflects both the smoothed revenue increase of 7.2% per annum and forecast growth in energy delivered of 2.7% per annum.

10 AEMO, *National Electricity and Gas forecasting - 2025 Electricity Statement of Opportunities (ESOO)*, Accessed on 19 December 2025.

1.3.1 Potential bill impact

AusNet's transmission charges make up around 8% of its residential customers' electricity bills and 9% of its small business consumers' electricity bills.[11] Other components of the electricity supply chain also contribute to the prices ultimately paid by consumers. These are the cost of purchasing energy from the wholesale market, distribution network charges, environmental scheme costs and the costs and margins applied by electricity retailers.[12] These components of the bill sit outside the decision we are making here and will also continue to change throughout the period.

At the time of making this draft decision, we have used placeholder values for certain components of revenue, including the rate of return, CPI and expected inflation. We will make further updates for these values as part of our final decision. It is for this reason that we expect the total revenue cap approved in our final decision and resulting bill impacts to be different to this draft decision.

In nominal terms, which include the effect of expected inflation, the impact of this draft decision would be an increase to the transmission component of consumers' electricity bills. We estimate that the modelled impact of our draft decision on the average annual electricity bill for a retail customer in Victoria, as it is today, would be:[13]

- an increase of $57 (3.3%) by 2031–32, or an average increase of $11 per annum for a residential customer
- an increase of $144 (3.7%) by 2031–32, or an average increase of $29 per annum for a small business customer.

For our draft decision, we have used a lower forecast of annual energy delivered to estimate bill impacts than that adopted by AusNet in its proposal.[14] Because AusNet is subject to a revenue cap, if actual energy delivered over 2027–32 is lower than forecast, the revenue recovered would be spread over fewer units of energy and bills would therefore be higher, all else being equal.

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11 Based on Victorian Default Offer, for a small business with a total annual use of 10,000 kWh per year.

12 AEMC, *Data Portal, Trends in VIC supply chain components 2023/24*.

13 Our estimated bill impact is based on the typical annual electricity usage of 4,000 kWh and 10,000 kWh for residential and small business customers in AusNet's network area, respectively; Essential Services Commission, *Victorian Default Offer 2026–27, Final Decision Paper*, May 2026, pp. 7 and 9.

14 We updated AusNet's proposed energy forecast using Operational Consumption as sent-out data from AEMO's 2025 ESOO, which is net of small non-scheduled generation, rooftop PV and energy efficiency; AusNet, *Response to AER information request IR#011–General modelling*, dated 15 January 2026.

1.4 AusNet's stakeholder engagement

High quality stakeholder engagement is critical to developing a revenue proposal that supports delivery of services and outcomes that reflect the needs of consumers.

Our framework for considering stakeholder engagement in network revenue determinations is set out in the Better Resets Handbook.[15] The framework is principles based and provides broad guidance on effective engagement. We expect networks to tailor their engagement to the needs and circumstances of their consumers.

The NER requires us to have regard to the extent to which a transmission network service provider's proposed opex and capex forecasts includes expenditure to address the concerns of its electricity consumers as identified through its engagement with those consumers.[16]

In making our regulatory decision, we consider the engagement process and stakeholder submissions. We also need to be satisfied that the proposal addresses consumer preferences in a prudent and efficient way and that the proposed programs can be affordable and delivered with optimal timing.[17]

Where consensus among stakeholders is not possible, the differing views and how AusNet has weighed them should be reflected in the proposal.

1.4.1 AusNet's engagement on its proposal

In preparing its revenue proposal, AusNet undertook a series of targeted deep dives and workshops with its Transmission Stakeholder Advisory Panel[18] and other relevant stakeholders.

These engagements covered key issues including opex, capex and capex deliverability, network resilience, and risk allocation. AusNet also published a draft proposal on 31 July 2025 and sought stakeholder feedback.

We engaged the Consumer Challenge Panel, sub panel 34 (CCP34) to provide advice on whether the long-term interests of consumers are being properly considered in AusNet's proposal.

We found that the Transmission Stakeholder Advisory Panel were broadly comfortable with AusNet's framework, analysis and transparency, but raised follow-up questions about total system cost, alignment with the Integrated System Plan (ISP) and Victorian Transmission Plan (VTP), and the potential for overlap in spending. Importantly, the Transmission Stakeholder Advisory Panel did not express its view on the reasonableness of costs, instead

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15 AER, *Better Resets Handbook – towards consumer-centric network proposals*, December 2021.

16 NER, cls 6A.6.6(e)(5A), 6A.6.7(e)(5A).

17 NEL, s 7.

18 Members of the Transmission Stakeholder Advisory Panel were drawn from consumer advocacy organisations, distribution companies, delivery partners, large industrial users, generators, renewable energy developers, and independent specialists. The meetings were observed by representatives of the AER, AEMO, VicGrid, and the CCP. For details see: https://communityhub.ausnetservices.com.au/transmission-stakeholder-advisory-panel

reinforced the need for the AER to make its own independent assessment of the efficiency and prudency of AusNet's proposed expenditure.

We also noticed that AusNet discussed plans to engage on the AER's draft decision with its Transmission Stakeholder Advisory Panel. We encourage and support a consultative process on key elements of our draft decision to inform AusNet's revised proposal.

1.4.2 What we've heard from stakeholders

Our consultation on AusNet's revenue proposal commenced with our issues paper published on 12 December 2025, supported by a public forum on 17 December 2025. We received three submissions on our issues paper and AusNet's proposal from AusNet's Transmission Stakeholder Advisory Panel, the CCP34, and the Victorian Government.[19]

Table 1 provides a high-level summary of the areas in which stakeholders tested the proposal. We also recognise that submissions provided positive feedback on the engagement process that AusNet undertook, and the genuine interest to incorporate stakeholder views in its proposal.

Table 1 Key concerns from stakeholder submissions

Issue	Summary
Affordability and bill impacts	The uplift in expenditure, combined with the costs from state and national transmission programs could result in a significant increase in bills.
Capital expenditure scale and timing	Stakeholders are interested in capex programs being fully justified and tested.
Deliverability risk	Labour constraints, supply-chain pressures and interaction with broader Victorian transmission programs create material uncertainty about whether projects can be delivered within the 2027–32 period.
Incentive scheme interaction	There is concern that the capital expenditure sharing scheme may reward underspend driven by external constraints rather than genuine efficiency.
Compliance and resilience	Expenditure to address compliance requirements and the security environment AusNet faces should be proportional.

Source: Summary of stakeholder submissions.

The CCP34 noted the use of an advisory panel, targeted deep dives and broader stakeholder channels helped test key aspects of the proposal and refine pricing, opex step changes, capex sequencing and contingent project governance. While the engagement was comprehensive and credible, the CCP34 considered it more effective in improving the proposal's clarity and accountability than in materially changing the overall scale of the capital program.[20]

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19 *Submissions – AusNet's regulatory proposal & AER's issues paper*, 14 November 2025 - 13 February 2026.

20 CCP34, *Submission - AusNet Services 2027–32 electricity transmission revenue proposal*, February 2026, pp. 4, 21.

The CCP34 nevertheless identified major challenges, including the technical complexity of the transmission reset, reliance on AusNet's modelling and assumptions, uncertainty about deliverability, interaction with VicGrid and the VTP, and affordability and consumer risk. Hence, the scale, timing and risk allocation of AusNet's proposed expenditure required close regulatory scrutiny by the AER to ensure consumers pay only for prudent, efficient, necessary and deliverable investment.[21]

The Transmission Stakeholder Advisory Panel provided conditional support for AusNet's 2027–32 revenue proposal, considering its consumer engagement transparent, inclusive and broadly consistent with the principles of the AER's Better Resets Handbook.[22] The Transmission Stakeholder Advisory Panel also highlighted significant affordability, deliverability and incentive risks, as a result of supply chain constraints, shortages in specialist labour, and the risk of poor coordination with VicGrid. In its view, these issues reinforced the need for continued transparency, careful prioritisation, coordinated planning and close AER scrutiny to protect consumers from unnecessary cost escalation.[23]

Finally, the Victorian Government considered that the AER's determination should ensure consumers pay only for efficient and necessary expenditure, due to the substantial transmission investment in Victoria. It also emphasised whether the scale and scope of AusNet's proposal are realistically deliverable over the 2027–32 regulatory period. The Victorian Government further supported close scrutiny of whether proposed expenditure on compliance and resilience is proportionate to the compliance obligations and security risks faced by AusNet.[24]

We acknowledge and appreciate the time and resources stakeholders have invested in preparing submissions and engaging in our consultation process.

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21 CCP34, *Submission - AusNet Services 2027–32 electricity transmission revenue proposal*, February 2026, pp. 2–4.

22 Transmission Stakeholder Advisory Panel, *Submission - AusNet Services 2027–32 electricity transmission revenue proposal*, February 2026, pp. 3, 22.

23 Transmission Stakeholder Advisory Panel, *Submission - AusNet Services 2027–32 electricity transmission revenue proposal*, February 2026, p. 23.

24 Hon Lily D'Ambrosio MP, *Submission - AusNet Services 2027–32 electricity transmission revenue proposal*, March 2026, p. 1.

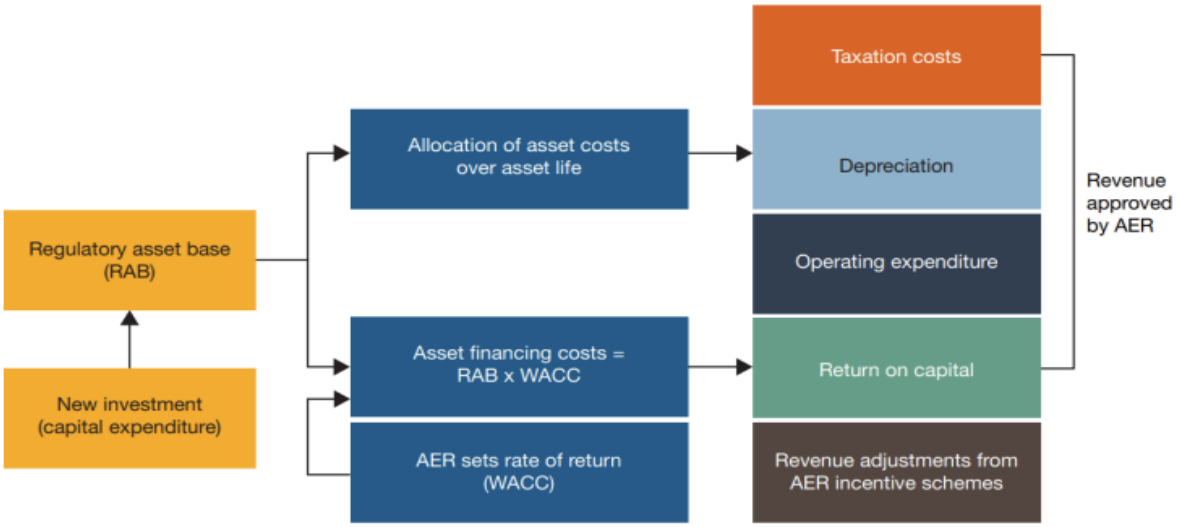
2 Key components of our draft decision on revenue

The foundation of our regulatory approach is a benchmark incentive framework to setting maximum revenues: once regulated revenues are set for a 5-year period, a network that keeps its actual costs below the forecast of costs retains part of the benefit. This provides an incentive for service providers to become more efficient over time. It delivers benefits to consumers as efficient costs are revealed and drive lower cost benchmarks in subsequent regulatory periods. By only allowing efficient costs in our approved revenues, we promote delivery of the NEO and ensure consumers pay no more than necessary for the safe and reliable delivery of electricity.

Under the NEL and NER, revenue is calculated using a 'building block' approach which looks at 5 cost components (see Figure 5):

- return on the RAB – or return on capital, to compensate investors for the opportunity cost of funds invested in this business
- depreciation of the RAB – or return of capital, to return the initial investment cost to investors over time
- forecast opex – the operating, maintenance and other non-capital expenses, incurred in the provision of network services
- revenue increments/decrements – resulting from the application of incentive schemes, such as the EBSS and CESS
- estimated cost of corporate income tax.

Figure 5 The building block model to forecast network revenue



Source: AER.

Revenue smoothing

Our draft decision includes a determination of AusNet's annual building block revenue requirement (unsmoothed revenue) and annual MAR (smoothed revenue) across the 2027–32 period. The smoothed revenues we set in this draft decision are the amounts that AusNet will target for its annual pricing purposes and recover from consumers for the provision of prescribed transmission services in each year of the 2027–32 period.[25]

The annual building block revenue requirement is the sum of the various building block costs for each year of the regulatory control period, which can be lumpy over time. To minimise price shocks, revenues are smoothed within a regulatory control period while maintaining the principle of cost recovery under the building block approach. In effect, revenue smoothing shifts some cost recovery between adjacent years within the period.

For this draft decision, we have approved higher revenues than AusNet proposed. This is mainly driven by updates to market variables, including rate of return, CPI and expected inflation. Higher revenues also reflect our draft decision on higher revenue adjustments.

Our draft decision also provides for higher revenues than those determined in the 2022–27 determination for the reasons discussed in section 1.1 of this Overview. In nominal terms, AusNet's unsmoothed revenue for the first year of the 2027–32 period (2027–28) is 27.8% higher than the approved revenue for the final year of the 2022–27 period (2026–27). It then increases by an average of 5.8% per annum over the remaining 4 years of the 2027–32 period.

While transmission charges account for a relatively small share of the annual electricity bills, we are mindful of the impact that this first-year increase could have on network charges for AusNet's consumers. Our smoothed revenue profile therefore reduces the initial increase and spreads it over the first 2 years of the 2027–32 period.

We have smoothed revenue over the 2027–32 period, resulting in an initial increase of 19.9% (nominal) in 2027–28, followed by a smaller increase of 12.5% in 2028–29 and average annual increases of 5.9% over the remaining 3 years of the 2027–32 period (2029–30 to 2031–32). This smoothing profile results in a divergence between smoothed and unsmoothed revenue of 0.2% in 2031–32, which is within our preferred range.

2.1 Regulatory asset base

The RAB reflects the value of regulated assets over time. For a new regulatory control period, we take the opening RAB from the end of the previous period and roll it forward year by year by indexing it for inflation, adding new capex and subtracting depreciation and other relevant adjustments, such as disposals. This gives the closing RAB at the end of each year of the regulatory control period. The RAB is used to determine the return on capital and regulatory depreciation building blocks, and therefore has a substantial impact on AusNet's revenue requirement and the prices consumers ultimately pay. All else being equal, a higher

[25] Our draft decision expected revenues have not factored in any changes arising from incentive scheme amounts, cost pass throughs or unders/overs reconciliation that usually occur in the annual pricing process to come up with the total allowed revenue.

RAB increases both the return on capital and regulatory depreciation components of the revenue determination.

For this draft decision, we have determined an opening RAB value of $4,769.5 million ($ nominal) as at 1 April 2027. This is $53.1 million (1.1%) higher than AusNet's proposed $4,716.4 million. This increase is mainly due to our amendments in the roll forward model (RFM) to:

- update the CPI inputs for 2025–26 and 2026–27 to reflect more recent data
- include $10.1 million ($ nominal)[26] Software-as-a-Service (SaaS) capex in the actual and estimated capex inputs for 2021–22 and the 2022–27 period, where this capex was omitted from AusNet's proposal due to inconsistent treatment between annual reporting and the 2022–27 determination.[27]

We also updated AusNet's growth assets roll-in amount to $299.2 million[28] from its proposed $294.8 million, reflecting updated CPI inputs. Growth assets are capex on non-contestable works undertaken by AusNet during a regulatory control period in response to requests from AEMO (now VicGrid) or distribution network service providers. Unlike other capex, these assets sit outside the RAB and are governed by commercial contracts until they are rolled into the RAB at the next revenue determination. We are satisfied that the method applied by AusNet to calculate the roll-in value of these assets for the 2022–27 period is consistent with the terms of the relevant commercial contracts, and broadly consistent with our RFM and approach in previous determinations.[29] However, we have updated the roll-in amount to reflect the latest CPI.

Figure 6 shows the key drivers of change in AusNet's RAB over the 2022–27 period between AusNet's proposal and our draft decision, in nominal terms.

Figure 7 likewise shows the key drivers of the change in AusNet's forecast RAB over the 2027–32 period relative to AusNet's proposal, in nominal terms. We have determined a projected closing RAB of $5,889.3 million ($ nominal) as at 31 March 2032, which is $773.7 million (11.6%) lower than AusNet's proposal of $6,663.0 million. This lower value is mainly due to our draft decision to reduce AusNet's forecast capex (section 2.4). It also reflects our draft decisions on the opening RAB as at 1 April 2027, expected inflation (section 2.2) and forecast depreciation (section 2.3).

The forecast RAB does not include any growth assets (augmentation capex), which may be commissioned during the 2027–32 period. These assets would be added to the RAB at the

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26 This amount is a placeholder for the draft decision, reflecting the values provided by AusNet on 20 March 2026 (see: AusNet, *Response to AER information request IR#003–Treatment of SaaS costs for 2022–27,* dated 20 March 2026 and 2 June 2026). This value may be updated at the final decision stage, subject to AusNet resubmitting its regulatory accounts and AIO for the relevant years to reflect the corrected treatment.

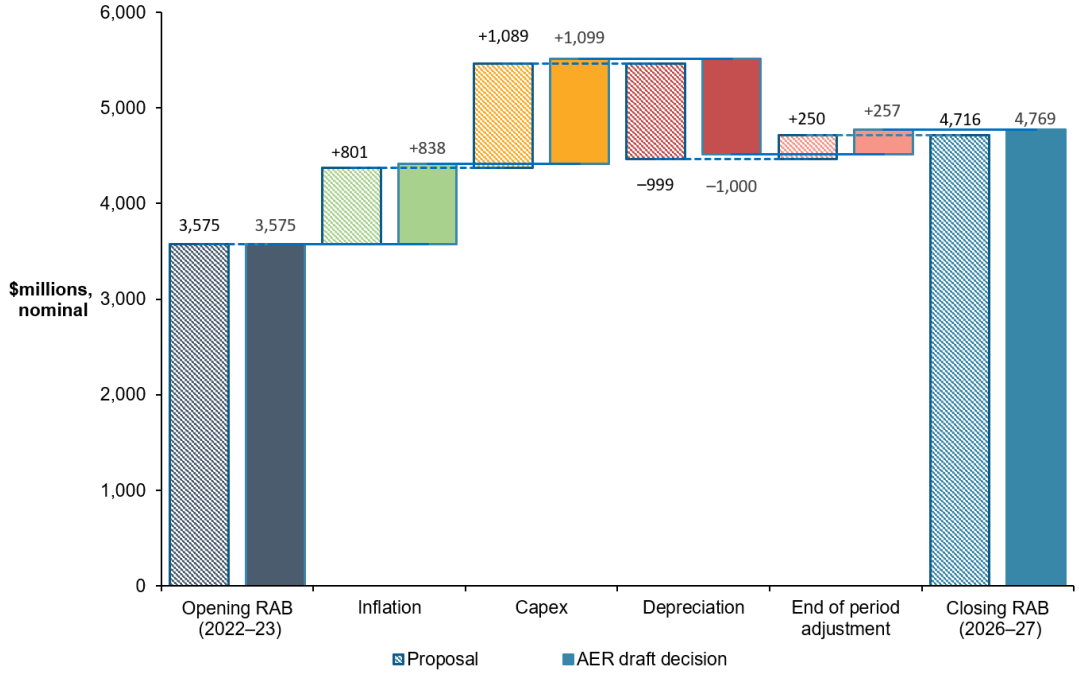
27 AusNet reported SaaS expenditure as opex for 2021–22 and the 2022–27 period, whereas it was treated as capex at the 2022–27 determination. In previous determinations, the roll-in of growth assets into the RAB was referred to as 'group 3 assets'.

28 This includes a true-up for the difference between actual and estimated growth assets rolled in at the 2022–27 determination.

29 In previous determinations, the roll-in of growth assets into the RAB was referred to as 'group 3 assets'.

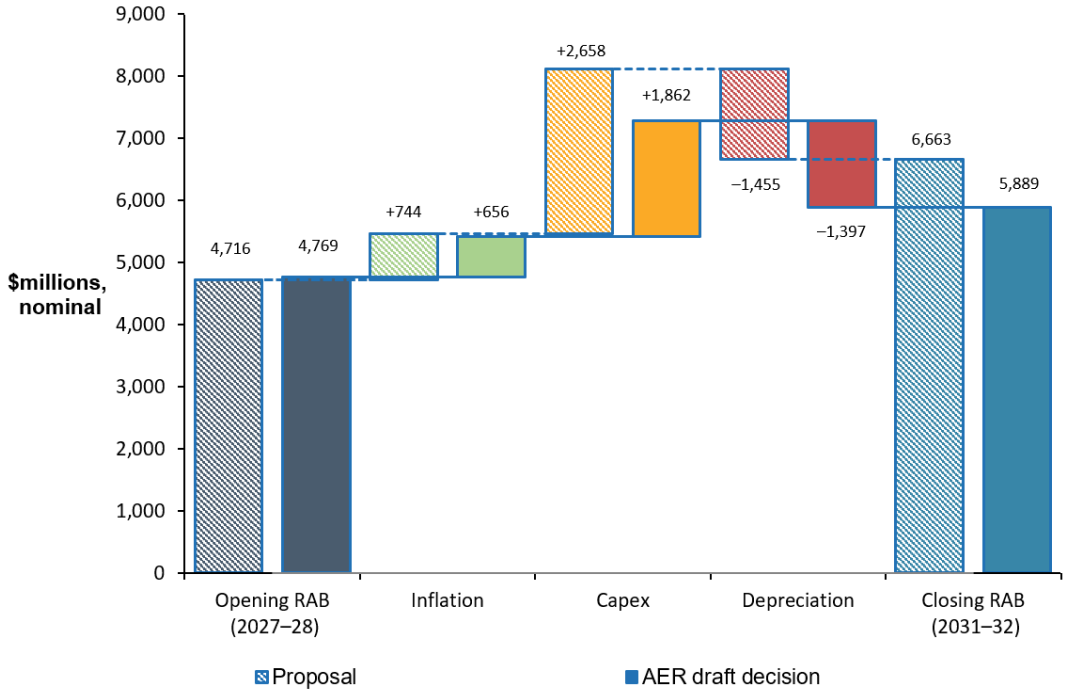
next regulatory determination. The reasons for our decision on AusNet's RAB are discussed in Attachment 1 of this draft decision.

Figure 6 Key drivers of change in the RAB over the 2022–27 period – AusNet's proposal compared with the AER's draft decision ($ million, nominal)



Source: AER analysis.
Note: Capex is net of forecast disposals. It is inclusive of the half-year WACC to account for the timing assumptions in the PTRM.

Figure 7 Key drivers of change in the RAB over the 2027–32 period – AusNet's proposal compared with the AER's draft decision ($ million, nominal)



Source: AER analysis.
Note: Capex is net of forecast disposals. It is inclusive of the half-year WACC to account for the timing assumptions in the PTRM.

2.2 Rate of return and value of imputation credits

The AER's 2022 Rate of Return Instrument (RORI) sets out the approach we will use to estimate the return on debt, the return on equity and the overall rate of return.[30]

The return each business is to receive on its RAB, known as the 'return on capital', is a key driver of proposed revenues. We calculate the regulated return on capital by applying a rate of return to the value of the RAB.

We estimate the rate of return by combining the returns of 2 sources of funds for investment: equity and debt. The allowed rate of return provides the business with a return on capital to service the interest rate on its loans and give a return on equity to investors.

The estimate of the rate of return is important for promoting efficient prices in the long-term interests of consumers. If the rate of return is set too low, the network business may not be able to attract sufficient funds to be able to make the required investments in the network and reliability may decline. Conversely, if the rate of return is set too high, the network business may seek to spend too much, and consumers will pay inefficiently high prices.

We are required by the NEL and NER to apply the RORI to estimate an allowed rate of return.[31] For this draft decision, we have applied the 2022 RORI.[32]

We recently published a draft 2026 RORI[33] and expect to make a final 2026 RORI in December 2026 which will apply in our final decision for AusNet in January 2027. AusNet has applied the 2022 RORI in its proposal and has accepted that the 2026 RORI will apply in our final decision.[34]

Our draft decision rate of return of 6.34% (nominal vanilla) is higher than the 6.04% placeholder in the proposal, reflecting increases in the return on debt and the risk-free rate.

Our calculated rate of return in Table 2 applies to the first regulatory year of the 2027–32 period. A different rate of return may apply for the remaining years of the period. This is because we will update the return on debt component of the rate of return each year, in accordance with the RORI, to use a 10-year trailing average portfolio return on debt that is rolled-forward each year. Hence, only 10% of the return on debt is calculated from the most recent averaging period, with 90% from prior periods.

Our draft decision accepts AusNet's proposed risk-free rate[35] and debt averaging periods[36] because they are consistent with the 2022 RORI.[37]

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30 AER, *Rate of Return Instrument (Version 1.2)*, March 2024.

31 NEL, section 18H; NER, Chapter 10.

32 AER, *Rate of Return Instrument (Version 1.2)*, March 2024.

33 https://www.aer.gov.au/industry/registers/resources/guidelines/rate-return-instrument-2026

34 AusNet Services, *TRR 2027-32 Revenue Proposal,* 7 Nov 2025*,* p. 172.

35 AusNet Services, *TRR 2027-32 Appendix 10A Averaging Periods - 31 Oct 2025 – CONFIDENTIAL*, 31 Oct 2025, p. 3.

36 AusNet Services, *TRR 2027-32 Appendix 10A Averaging Periods - 31 Oct 2025 – CONFIDENTIAL*, 31 Oct 2025, pp. 4–5.

37 AER, *Rate of return Instrument (version 1.2)*, March 2024, cll 7–8, 23–25.

We specify these periods in confidential Appendix A and they will be used to update the risk-free rate and return on debt in the final decision.[38]

Table 2 Draft decision on AusNet's rate of return (nominal)

	AER's previous decision (2022-27)	AusNet's proposal (2027–32)	AER's draft decision (2027–32)	Allowed return over the regulatory control period
Nominal risk-free rate	1.59%	4.37%	5.01%[a]	Constant (%)
Market risk premium	6.10%	6.20%	6.20%	Constant (%)
Equity beta	0.6	0.6	0.6	Constant
Return on equity (nominal post-tax)	5.25%	8.09%	8.73%	Constant (%)
Return on debt (nominal pre-tax)	4.37%[c]	4.68%	4.74%[b]	Updated annually
Gearing	60%	60%	60%	Constant (60%)
Nominal vanilla WACC	4.72%[c]	6.04%	6.34%	Updated annually for return on debt
Expected inflation	2.45%	2.62%	2.45%	Constant (%)

Source: AER analysis; AER, *Final Decision - AusNet Services transmission 2022-27 – Overview*, 28 January 2022, p. 26; AusNet Services, *TRR 2027-32 Revenue Proposal*, 7 Nov 2025, pp. 173–175.

(a) Calculated using a placeholder averaging period of 20 business days ending 31 March 2026, which will be updated for the final decision.

(b) Calculated using a placeholder averaging period of 20 business days ending 31 March 2026, which will be updated for the final decision.

(c) Applied to the first year of the 2022–27 regulatory control period.

Debt and equity raising costs

In addition to compensating for the required rate of return on debt and equity, we provide an allowance for the transaction costs associated with raising debt and equity. We include debt raising costs in the opex forecast because these are regular and ongoing costs which are likely to be incurred each time service providers refinance their debt. On the other hand, we include equity raising costs in the capex forecast because these costs are only incurred once and would be associated with funding the particular capital investments. Our approach to forecasting debt and equity raising costs is set out in more detail in our past determinations.[39] AusNet has proposed to use our approach to estimate debt and equity raising costs.[40]

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38 AER, *Draft Decision – AusNet Services electricity transmission determination 2027 to 2032 (1 April 2027 to 31 March 2032)– Confidential Appendix A: Equity and debt averaging periods*, June 2026.

39 For example, see: AER, *Final decision - Attachment 3 - Rate of Return - Directlink Electricity Transmission Determination 2025 to 2030*, September 2024, pp. 4–6.

40 AusNet Services, *TRR 2027-32 Revenue Proposal*, 7 Nov 2025, pp. 174–175.

Our draft decision is to apply a debt raising cost of 8.57 basis points per annum, which has been used to calculate the debt raising costs included in total forecast opex (see section 2.5).

We have updated our estimate for the 2027–32 period based on the benchmark approach using updated inputs. This results in zero equity raising costs.

Imputation credits

Our draft decision applies a value of imputation credits (gamma) of 0.57, as set out in the 2022 RORI.[41] AusNet's proposal also adopted this value.[42]

Expected inflation

As set out in Table 3, our estimate of expected inflation is 2.45%. It is an estimate of the average annual rate of inflation expected over a 5-year period based on the outcome of our 2020 inflation review.[43] AusNet's proposal also adopted our approach.[44]

Table 3 Draft decision on AusNet's forecast inflation (%)

	Year 1	Year 2	Year 3	Year 4	Year 5	Geometric average
Expected inflation	2.40%	2.43%	2.45%	2.48%	2.50%	2.45%

Source: AER Analysis; RBA, *Statement on Monetary Policy*, May 2026, Table 3.2: Detailed Forecast Table. See https://www.rba.gov.au/publications/smp/2026/may/outlook.html#3-6-detailed-baseline-forecast-information.

AusNet's regulatory years start in April and end in March, whereas the Reserve Bank of Australia's (RBA) Statement of Monetary Policy (SMP) provides forecasts for years ending in June and December. Our draft decision is to use December-ending RBA forecasts to estimate forecast inflation. This is consistent with our approach for AusNet's 2022-27 transmission revenue determination, which provided one year of forecast in the draft decision and two years of forecast in the final decision.[45]

Our draft decision uses the RBA's May 2026 SMP which contains a CPI forecast for the year-ending December 2027. This means the first year of the 2027–32 period is based on RBA forecasts and, thereafter, a linear glide-path from year two to the mid-point of the RBA's inflation target band of 2.5% in year 5.

Figure 8 isolates the impact of expected inflation from other parts of our draft decision, to illustrate its impact on the return on capital and regulatory depreciation building blocks and the total revenue allowance. Other elements held constant, higher inflation increases the return on capital but decreases regulatory depreciation.

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41 AER, *Rate of return Instrument (version 1.2)*, March 2024, cl. 27.

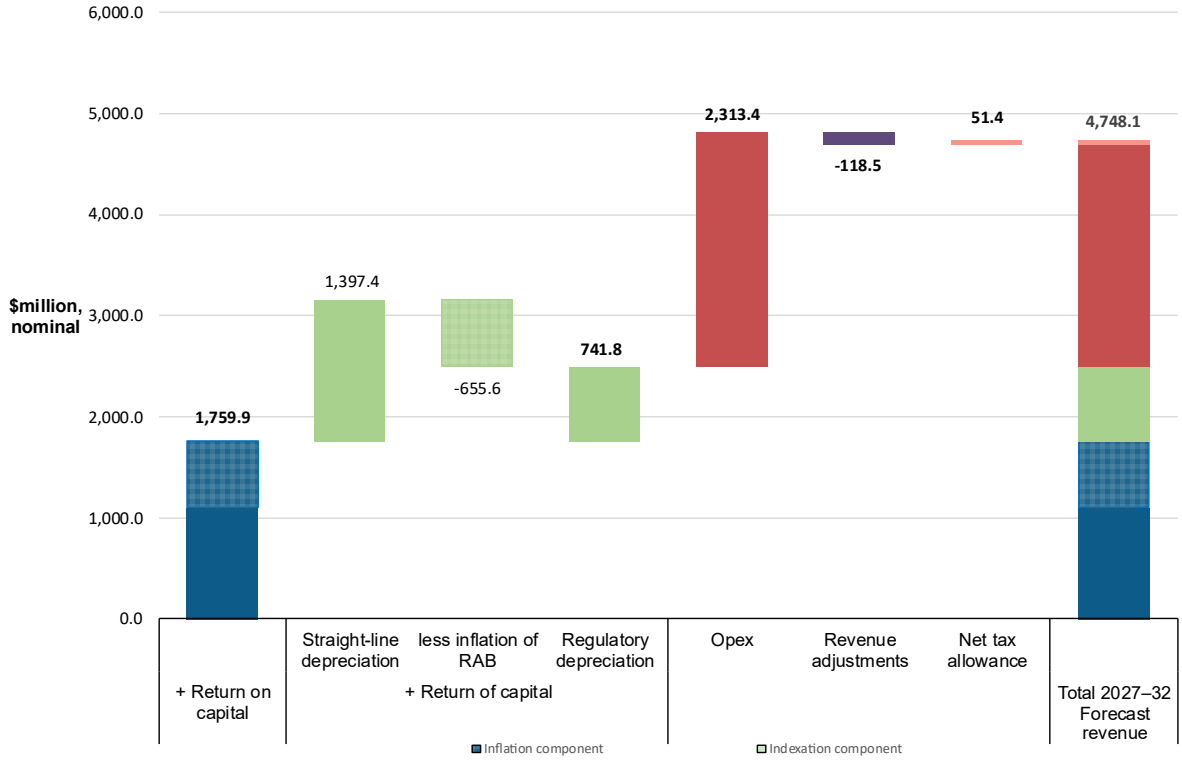
42 AusNet Services, *TRR 2027-32 Revenue Proposal*, 7 Nov 2025, p. 175.

43 AER, *Final position, Regulatory treatment of inflation*, December 2020.

44 AusNet Services, *TRR 2027-32 Revenue Proposal*, 7 Nov 2025, p. 175.

45 AER, *Final Decision – AusNet Services Transmission Determination 2022 to 2027 – Attachment 3 – Rate of return*, January 2022, pp. 3–6.

Figure 8 Inflation components in draft decision revenue building blocks ($ million, nominal)



Source: AER analysis.

2.3 Regulatory depreciation (return of capital)

Depreciation is a method used in our decision to allocate the cost of an asset over its useful life. It is the amount provided so capital investors recover their investment over the economic life of the asset (otherwise referred to as 'return of capital'). When determining total revenue, we include an amount for the depreciation of the projected RAB. The regulatory depreciation amount is the net total of the straight-line depreciation less the indexation of the RAB.

Our draft decision determines a regulatory depreciation amount of $741.8 million ($ nominal) for the 2027–32 period. This is $30.8 million (4.3%) higher than AusNet's proposed $711.0 million, primarily due to our draft decision on a lower expected inflation, which reduces indexation on the RAB[46], and a higher opening RAB, which increases straight-line depreciation. This is partly offset by our lower forecast capex (section 2.4), which reduces straight-line depreciation.[47]

The reasons for our decision on AusNet's regulatory depreciation are discussed in Attachment 1 of this draft decision.

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46 Since regulatory depreciation is calculated by subtracting RAB indexation from straight-line depreciation, lower RAB indexation results in higher regulatory depreciation.

47 While lower forecast capex reduces both straight-line depreciation and RAB indexation over 2027–32 period, the net impact is a reduction in regulatory depreciation, all else being equal.

2.4 Capital expenditure

Capital expenditure (the capital costs and expenditure incurred to provide network services) mostly relates to assets with long lives, the costs of which are recovered over several regulatory control periods. Capex is added to AusNet's RAB, which is used to determine the return on capital and return of capital (regulatory depreciation) building block allowances. All else being equal, higher forecast capex will lead to higher projected RAB value and higher return on capital and regulatory depreciation allowances.

Our draft decision is to not accept AusNet's proposed total forecast capex of $2,437.0 million ($2026–27) because we are not satisfied it reasonably reflects the capex criteria. Our alternative forecast is $1,710.9 million, which is 29.8% below AusNet's forecast. Table 4 outlines our alternative estimate of forecast capex and compares this to AusNet's proposed forecast by capex category.

Table 4 AER draft decision by capex category ($ million, 2026–27)

Category	AusNet's proposal	AER draft decision	Difference ($/%)	
Replacement – major stations	1,121.1	834.7	-286.5	-25.6
Replacement – other assets	655.0	467.4	-187.6	-28.6
Compliance	216.0	80.3	-135.6	-62.8
Resilience	34.0	13.2	-20.8	-61.1
ICT	256.1	208.8	-47.3	-18.5
Property	43.4	43.4	-	-
Fleet	12.1	12.1	-	-
Non-network - other	18.4	14.9	-3.4	-18.6
Capitalised overheads	83.5	69.5	-14.0	-16.8
Gross Total	**2,439.5**	**1,744.3**	**-695.3**	**-28.5**
Less disposals	-2.5	-2.5	-	-
Modelling adjustments	**-**	**-31.0**	**-31.0**	
Net Total	**2,437.0**	**1,710.9**	**-726.2**	**-29.8**

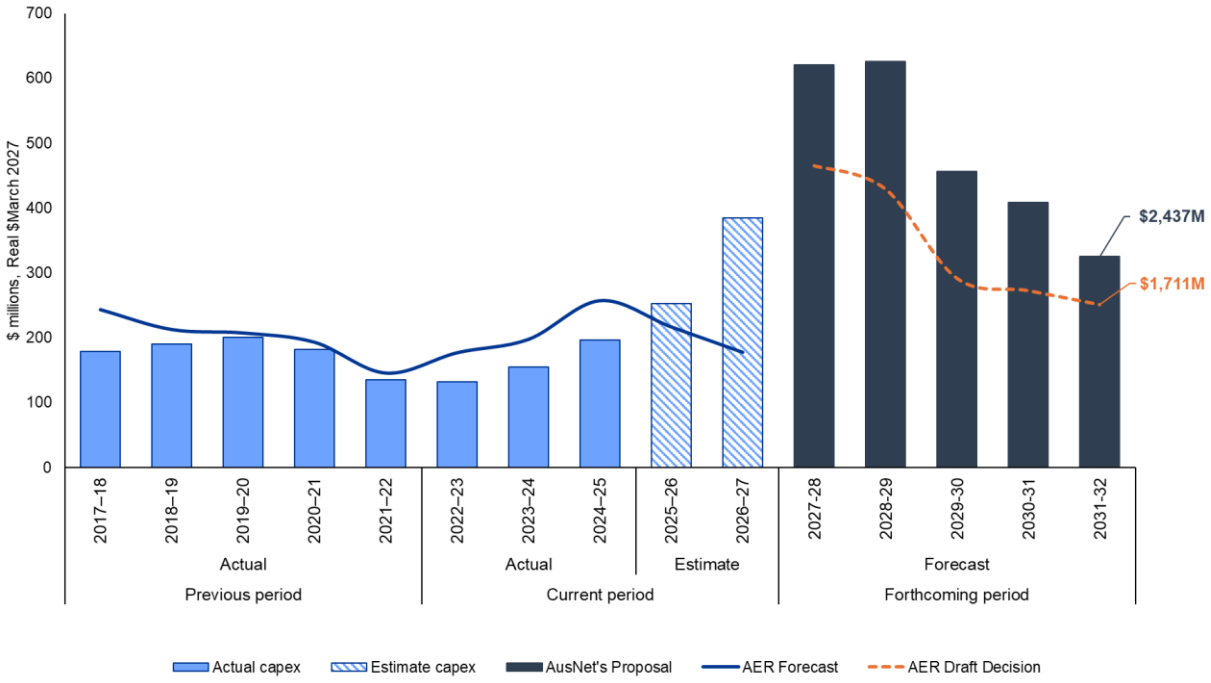
Source: AusNet's capex model and AER analysis. Numbers may not sum due to rounding.

Figure 9 outlines AusNet's historical capex trend, its proposed forecast for the 2027–32 regulatory control period, and our draft decision.

AusNet expects to overspend its capex in the current 2022–27 period by $94.9 million ($2026–27) or 9.2% compared to our forecast. As shown in Figure 9, a majority of this expected overspend is to occur in the final 2 years of the current regulatory control period.

This may trigger an ex-post review in the 2032–37 regulatory determination. However, AusNet incurred total capex below its regulatory forecast for the current ex-post review period (2020–21 to 2024–25 regulatory years) and on this basis, the overspending requirement for an efficiency review of past capex is not satisfied. We note that a majority of this step up is because of increased labour and material costs.

Figure 9 AusNet's historical and forecast capex ($ million, 2026–27)



Source: AER RIN Database and AER Analysis.
Note: Nominal figures converted to real dollars 2026–27.

AusNet's proposed forecast investment requirement in the 2027–32 period is a further 117.8% higher than expected investment in the current period. AusNet submitted that the uplift reflects the need to undertake several large projects to address the aging condition of its network, including replacement infrastructure for the 500 kV substations and to maintain safety and reliability for its customers.[48] AusNet proposed material increases in all capex categories.

We have reviewed AusNet's total capex forecast from a top-down and bottom-up perspective. Our top-down testing of AusNet's forecast capex informed the scope of our bottom-up review, noting a total forecast materially above current period actual estimates across all categories, with a material step in replacement, security and compliance related expenditure.

Given these top-down findings, we have undertaken a bottom-up review on most capex categories.

48 AusNet Services, *TRR 2027-32 Revenue Proposal,* 7 Nov 2025, p. 62.

We have not accepted AusNet's forecast in full, because we found that it did not provide sufficient quantitative evidence to support its material 117.8% step up in expenditure. Our draft decision includes $1,710.9 million in total forecast capex, which is $592.2 million or 53% more than AusNet's actual/estimated capex for the current period.

Based on the information provided, we have identified several key components of AusNet's forecast that it has not demonstrated are prudently required to maintain the safety, reliability or security of the network and contribute to achieving emissions reduction targets or reflect the efficient costs of doing so. These are AusNet's proposed major station and other replacements, compliance, resilience, ICT and non-network other.

AusNet's replacement expenditure made up the bulk of its proposal, at around 72.9% or over $1.7 billion, and included substantial major station replacements for its more complex and expensive 500 kV network.

Replacement expenditure is required to maintain the safety, security and reliability of the network. AusNet's proposal included $1,121.1 million for replacement work on its major station assets and $655.0 million for other replacements which includes towers, insulators, conductors and communication and secondary systems.

Our draft decision includes alternative estimates for the following:

- Replacement – Major stations
  - AusNet's major stations repex comprises projects related to the sites designated as major stations.
  - AusNet proposed $1,121 million for replacement – major stations capex. Our draft decision is to include $834.7 million. This is $286.5 million or 25.6% less than what AusNet proposed.
  - Our alternative estimate reflects the deferral of certain proposed projects by one or more years (and, in some cases, beyond the end of the next regulatory control period) and removing risk allowances and contractor incentives that have been applied without sufficient justification.
- Replacement – Other assets
  - This is expenditure on replacement programs outside of the major stations replacement projects designated by AusNet.
  - AusNet proposed $655.0 million for replacement – other assets. Our draft decision is to include $467.4 million. This is $187.6 million or 28.6% less than what AusNet proposed. Our alternative total forecast capex includes expenditure on many in-flight projects including $165.1 million on stage 2 of AusNet's Portland tower replacements and a placeholder alternative of $11.4 million for metering.
  - We adjusted AusNet's programs following the identification of systematic issues within its economic models, and reduced scope and costs of certain projects where we consider the proposed expenditure is neither prudent nor efficient, including the removal of risk allowances that are not sufficiently justified.
- Compliance

  - Compliance projects relate to works undertaken by a transmission business to meet statutory and safety obligations, including maintaining required clearances and managing risks to the public and workers.
  - AusNet proposed $216.0 million on compliance expenditure. This represents a 403.4% increase on the actual/estimated compliance expenditure for the current period. Our draft decision is to include $80.3 million.
  - This is $135.6 million or 62.8% less than AusNet's proposed compliance expenditure. Our alternative estimate for compliance expenditure is $37.4 million or 87.2% more than AusNet's actual/estimated compliance expenditure for the current period.
  - This includes $23.6 million to address several low span lines where ground clearance needs to be rectified and a placeholder alternative for physical Security of Critical Infrastructure (SOCI) related expenditure of $36.1 million.
  - We have included most of AusNet's proposed projects, including fall arrest projects and the majority of the SOCI and non-SOCI security items. However, we have concerns that the supporting information provided in AusNet's proposal, including responses to our information requests, does not provide sufficient justification for the proposed scope of several projects. AusNet has an opportunity to provide further information in its revised proposal.

- ICT
  - Information and communication technology (ICT) refers to all non-network related devices, applications and systems that support AusNet's business operations.
  - AusNet proposed $256.1 million on ICT capex. Our draft decision is to include $208.8 million. This is $47.3 million or 18.5% less than what AusNet proposed. This includes $52.3 million for cyber security expenditure and a placeholder alternative of zero for AusNet's $12.4 million metering ICT capex, which is contingent on AusNet's metering replacement program.
  - We recognise the need for an uplift in capex, including the proposed Advanced Energy Management System upgrade. Our alternative estimate for ICT reflects the exclusion of some items where we consider the benefits to customers are not demonstrated and the economic case is not sufficiently justified.
- Resilience
  - Resilience is the network's ability to continue to adequately provide network services and recover those services when subjected to a disruptive event. It is generally categorised as either network resilience, the ability to withstand or respond to an outage, or community resilience, the ability to assist and support communities during an outage.
  - AusNet proposed $34.0 million on resilience. Our alternative forecast is $13.2 million. This is $20.8 million or 61.1% less than what AusNet proposed.
  - Our alternative reflects a program we consider delivers a higher benefit to cost ratio and greater value for money for customers based on information supplied.
- Other non-network
  - Other non-network capex includes expenditure to replace tools and equipment.

- AusNet proposed $18.4 million for other non-network capex. Our draft decision is to include $14.9 million. This is $3.4 million or 18.6% less than what AusNet proposed.
- Our decision excludes two programs that were not sufficiently described or justified.

Our draft decision on the total forecast capex includes AusNet's proposed property and fleet expenditure.

Our draft decision on AusNet's forecast capex for the 2027–32 period is set out in Attachment 2.

2.5 Operating expenditure

Operating expenditure (opex) is the forecast of operating, maintenance and other non-capital costs incurred in the provision of prescribed transmission services. Forecast opex is one of the building blocks we use to determine AusNet's total regulated revenue requirement.

Our draft decision is to not accept AusNet's total opex forecast of $2,169.3 million,[49] including debt raising costs and easement land tax, for the 2027–32 regulatory control period.[50] Our alternative estimate is $2,149.2 million, which is $20.1 million lower than AusNet's proposal.

Easement land tax is a material component of AusNet's total opex forecast and is unchanged between AusNet's proposal and our alternative estimate. AusNet's proposed opex forecast excluding easement land tax is $754.7 million, compared with our alternative estimate of $734.6 million. This means our alternative estimate is $20.1 million, or 2.7%, lower than AusNet's proposal on an excluding easement land tax basis. Therefore, we consider that AusNet's total opex forecast does not reasonably reflect the opex criteria.[51]

Our draft decision is:

- $456.5 million, or 27.0%, higher than the opex forecast we approved in our final decision for the 2022–27 regulatory control period.
- $220.8 million, or 11.4%, higher than AusNet's actual and estimated opex in the 2022–27 regulatory control period.

These increases are largely due to forecast easement land tax. Easement land tax accounts for $1,414.6 million, or 65.8%, of our draft decision total forecast opex. This is $355.6 million, or 33.6%, higher than the easement land tax forecast we approved for the current period.[1]

Excluding easement land tax, our draft decision is:[1]

- $100.9 million, or 15.9%, higher than the opex forecast we approved for the 2022–27 regulatory control period.
- $146.2 million, or 24.9%, higher than AusNet's actual and estimated opex in the 2022–27 regulatory control period.

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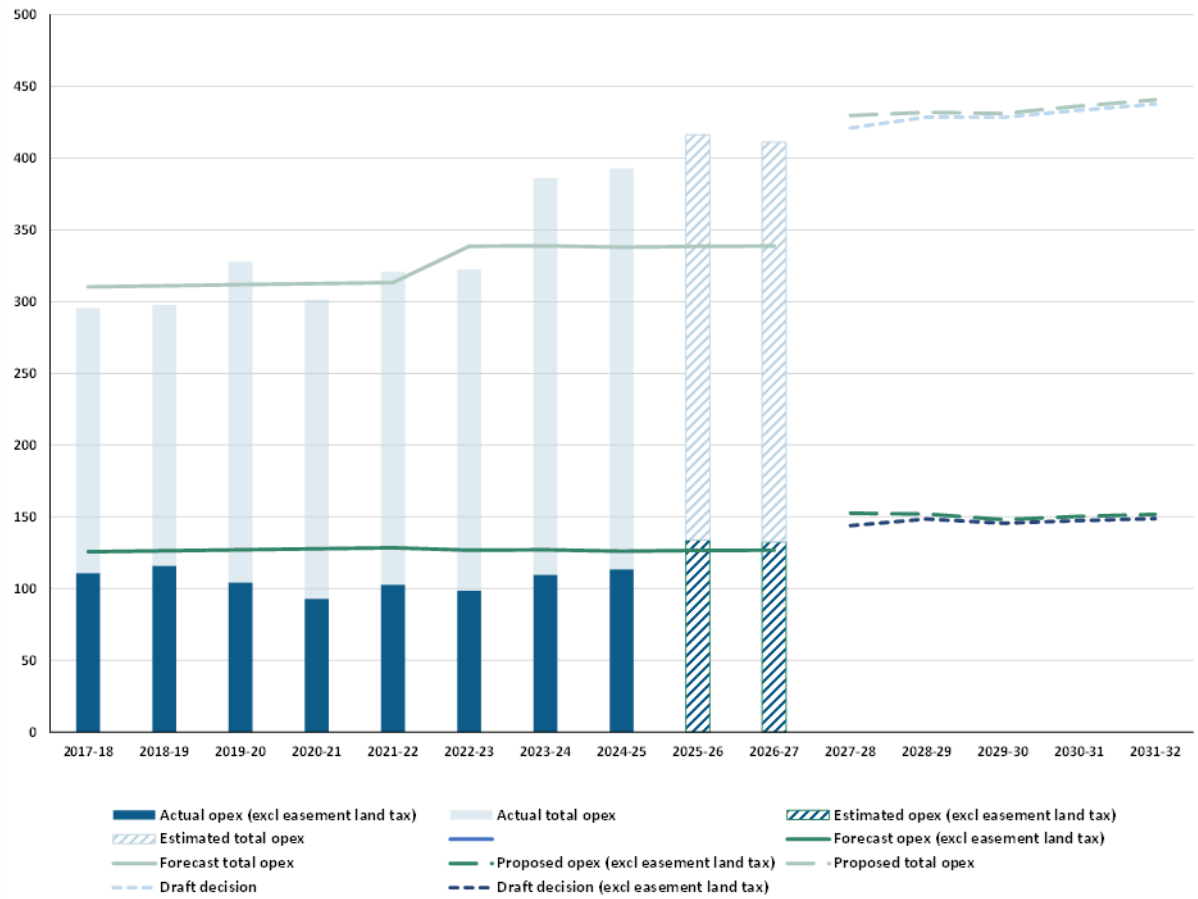
49 All dollar values are in March $2026-27 terms unless stated.

50 AusNet Services, *TRR 2027-32 Operating Expenditure Model*, November 2025

51 NER cl.6A.6.6(c)-(e).

In Figure 10 we compare our alternative opex forecast estimate, with and without easement land tax, to AusNet's proposal for the next regulatory control period. We also show the forecasts we approved for the last two regulatory control periods and AusNet's actual and estimated opex over these periods.[2]

Figure 10 Historical and forecast opex ($ million, 2026–27)



Source: AusNet Services, *TRR 2027–32 Operating Expenditure Model*, November 2025; AER PTRM and opex allowance data for previous AusNet Services transmission determinations; AER analysis.
Note: Numbers may not add up to totals due to rounding. Values are in $2026–27 unless otherwise stated.

The key differences between AusNet's opex proposal, which we have not accepted, and our alternative estimate are that we have:[1]

- not included AusNet's proposed $6.2 million landholder engagement step change
- included a lower alternative estimate for AusNet's proposed digital step change, reducing it by $20.6 million
- included AEMO participant fees of $22.0 million as a step change rather than as a category specific forecast
- included the same $22.0 million growth assets roll-in forecast as AusNet, as a category specific forecast
- updated the base opex amount and rate of change components for the latest inflation, labour price growth and productivity information available at the draft decision stage.

In our final decision we will update our alternative opex forecast estimate to reflect actual opex for 2025–26. Our draft decision is based on the estimate of base year opex included in AusNet's initial proposal, because actual data for 2025–26 was not available at the time the proposal was submitted. We will also update for any required mechanical adjustments, including latest inflation and labour price growth forecasts.[4]

Our reasoning behind these positions is outlined in further detail in Attachment 3.

2.6 Corporate income tax

Our determination of AusNet's total revenue building block requirement includes the estimated cost of corporate income tax for 2027–32 period. Under the post-tax framework, this amount is calculated as part of the building blocks assessment using our post-tax revenue model (PTRM).

Our draft decision determines an estimated cost of corporate income tax amount of $51.4 million ($ nominal) for AusNet over the 2027–32 period. This is an increase of $23.3 million (82.6%) from AusNet's proposed $28.2 million. This increase is primarily due to our draft decision on a higher return on equity and higher regulatory depreciation, which increase taxable income. This increase is also driven by lower tax depreciation, due to lower forecast capex and lower immediate expensing of capex, which increases taxable income and therefore the corporate income tax amount.

The reasons for our decision on AusNet's corporate income tax are discussed in Attachment 1 of this draft decision.

2.7 Revenue adjustments

Our calculation of AusNet's total revenue includes adjustments for incentive schemes that applied in its determination for the current period, such as the EBSS and CESS. These mechanisms provide a continuous incentive for AusNet to pursue efficiency improvements in opex and capex, and a fair sharing of these between AusNet and its users.

Our draft decision includes:

- A revenue adjustment of -$78.5 million from the application of the EBSS in the 2022–27 period. This represents a $13.9 million difference from AusNet's proposed carryover amount of -$92.4 million. This reflects that our draft decision:
  - updates actual inflation for 2025–26 and forecast inflation for 2026–27 respectively
  - removes non–recurrent SaaS costs from actual reported opex[52].
- A revenue adjustment of -$34.47 million from the application of CESS in the 2022–27 period. This represents a -$8.14 million difference from AusNet's proposed revenue adjustment of -$26.32 million. This reflects that our draft decision:
  - updates capex inputs to reflect actual expenditure and changes to forecast
  - updates actual and forecast inflation and WACC inputs.

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52 The SaaS numbers have been included as a placeholder pending AusNet submitting its updated regulatory accounts and Annual Information Order.

- A revenue adjustment of $4.7 million ($2026–27) for the application of the Demand Management Innovation Allowance Mechanism (DMIAM).[53] AusNet proposed to reduce its DMIAM allowance to account for a carryover adjustment of $4.1 million for unused funding under the DMIAM for the current 2022–27 period. This approach is inconsistent with the DMIAM. Therefore we have not adjusted the DMIAM allowance to account for AusNet's proposed carryover amount. Our reasoning is set out in Attachment 8.

Our draft decision also includes a revenue adjustment (reduction) of –$10.2 million ($2026–27), to return a share of the unregulated revenue AusNet earns using shared assets to its consumers.

2.8 Uncertainty mechanisms

Our transmission determination for AusNet will set the revenue allowance that forms the major component of its network charges for the next 5 years. It provides a baseline or starting point for that period. Over the 2027–32 period there are several additional mechanisms under the NER that may operate to increase or decrease those charges.

A transmission business may apply to us seeking the recovery of additional costs incurred during a regulatory control period, if certain predefined exogenous events occur as specified in either the NER or in its respective revenue determination.

2.8.1 Cost pass through

There are 4 prescribed cost pass through events (regulatory change event, service standard event, tax change event and insurance event) that apply to AusNet under the NER. In addition to the prescribed pass through events under the NER, AusNet proposed 6 nominated pass through events. Of these, 5 were approved as part of our determination for the 2022–27 period (an insurance coverage event; insurer credit risk event; terrorism event; natural disaster event; and Victorian Minister's order event). Our draft decision is to accept these again.

While we recognise the important role of pass through events as one element of the framework for managing uncertainty, we are also careful to ensure new nominated events are included only where they reflect an appropriate allocation of risk and are clearly justified with regard to the nominated pass through event considerations in the NER. In this context, we have not accepted AusNet's proposed VicGrid direction event. We consider well established cost recovery mechanisms already exist under the NER, and it is not clear that a cost pass through is necessary to manage this event.

2.8.2 Contingent projects

Contingent projects are usually significant network projects that are reasonably required to be undertaken to achieve the capex objectives. However, unlike other proposed capex projects, the need for the project within the regulatory control period and the associated costs are not sufficiently certain. Consequently, expenditure for such projects does not form a part of the total forecast capex that we approve in this determination. Such projects are linked to unique investment drivers and are triggered by defined events. The occurrence of the trigger

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53 AER, *Demand management innovation allowance mechanism, Electricity transmission network service providers*, January 2026.

event must be probable during the relevant regulatory control period. The cost of the projects may ultimately be recovered from consumers in the future if certain predefined conditions or 'trigger events' are met.

AusNet proposed 1 contingent project for the Dederang Terminal Station transformer and circuit breaker replacement as a contingent project, totalling $44.0 million in nominal dollars.

AusNet submits that the transformer needs replacing and it is economic to commence the project now. We consider the need to undertake this project has already been established and that this project is better characterised as expenditure that AusNet should include in its ex ante forecast for the 2027–32 period rather than a contingent project.

For this reason, we have not included AusNet's proposed contingent project in our draft decision.

Our draft decision on AusNet's proposed contingent project for the 2027–32 period is set out in Attachment 2.

3 Incentive schemes

Incentive schemes are a component of incentive-based regulation and complement our approach to assessing efficient costs. They provide important balancing incentives under network determinations, encouraging businesses to pursue expenditure efficiencies while maintaining the reliability and overall performance of its network. Our draft decision is that the following incentive schemes will apply to AusNet in the 2027–32 period:

- Efficiency Benefit sharing scheme (EBSS). The EBSS provides a continuous incentive to pursue efficiency improvements in main standard control services opex by rewarding efficiency gains and penalising efficiency losses, measured by reference to the difference between actual and forecast opex. This provides for a fair sharing of efficiency gains and losses between networks and network users. Consumers benefit from improved efficiencies through lower opex in regulated revenues for future periods. Our draft decision on the EBSS is set out in Attachment 5.
- Capital Expenditure Sharing Scheme (CESS). This incentivises efficient capex throughout the period by rewarding efficiency gains and penalising efficiency losses, each measured by reference to the difference between forecast and actual capex. Consumers benefit from improved efficiencies through a lower RAB, which is reflected in regulated revenues for future periods.
- Service target performance incentive scheme (STPIS). This balances incentives to reduce expenditure with the need to maintain or improve service quality, by providing financial incentives to maintain and improve service performance where consumers are willing to pay for these improvements. Once improvements are made, consumers benefit as the benchmark performance targets will be tightened in future years.
- Demand Management Innovation Allowance Mechanism (DMIAM). This funds research and development in demand management projects that have the potential to reduce long term network costs. The allowance available to AusNet in the 2027–32 period is set out in 2.7. Any part of the allowance not spent on a project approved by us will be returned to consumers in the subsequent regulatory control period.

Our draft decision on the application of these schemes and allowances is consistent with the position taken in our Framework and Approach paper and is set out in Attachments 5–8 of this draft decision.

4 Pricing methodology

A pricing methodology forms part of our transmission determination.[54] The role of the pricing methodology is to set out how the TNSP will recover its costs via prices.[55] In particular, the pricing methodology provides a 'methodology, formula, process or approach'[56] that, among other things:

- Allocates the aggregate annual revenue requirement (AARR) to the categories of prescribed transmission services that the TNSP provides and, after adjustments, to the applicable transmission network connection points[57]
- Determines the structure and recovery of prices that a TNSP may charge for each category of prescribed transmission services.[58]

Our draft decision is to not approve AusNet's proposed pricing methodology for the 2027–32 period.[59] We consider AusNet's proposed pricing methodology required amendments to:

- amend the proposed recovery arrangements to account for exit services costs for non-distributor connection customers who share in the use of prescribed connection assets[60]
- address certain information requirements from our Pricing methodology guidelines, such as updating terminology to be consistent with recent rule changes.[61]

Following engagement with AusNet on these matters it subsequently provided an amended pricing methodology that we consider included these amendments.[62]

We therefore substitute the amended pricing methodology for the proposed pricing methodology to include changes to more clearly reflect NER requirements and our Pricing methodology guidelines.[63]

Attachment 9 includes our detailed consideration of AusNet's proposed pricing methodology.

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54 NER, cl. 6A.2.2(4).

55 AEMC, *Rule determination: National Electricity Amendment (Pricing of Prescribed Transmission Services) Rule 2006 No. 22*, 21 December 2006, p. 1.

56 NER, cl. 6A.24.1(b).

57 NER, cl. 6A.24.1(b)(1–3).

58 NER, cl. 6A.24.1(b)(4).

59 AusNet Services, *TRR 2027-32 Appendix 14A Proposed Pricing Methodology*, 31 October 2025.

60 AusNet Services, *TRR 2027-32 Appendix 14A Proposed Pricing Methodology*, 31 October 2025, pp. 11–12; AER, *Final decision - AusNet Services transmission 2022–27 - Attachment 12 - Pricing methodology*, 28 January 2022, p. 7.

61 AER, *Pricing methodology guidelines 2025 - Flexibility in allocating interconnector costs*, 3 July 2025, pp. 6–7, 9–10.

62 AusNet, *IR#030 - Clean Pricing Methodology - PUBLIC*, 28 May 2026.

63 AER, *Draft Decision – AusNet Services Electricity Transmission Determination 2027 to 2032 – Approved Pricing Methodology*, June 2026. Note this is identical to AusNet, *IR#030 - Clean Pricing Methodology - PUBLIC*, 28 May 2026.

5 Negotiating framework

Our transmission determination imposes control over revenues that a TNSP can recover from its provision of prescribed transmission services. We do not determine the terms and conditions of negotiated transmission services. Under the NER, negotiated services are provided under an agreement or as a result of a determination of a commercial arbitrator.

The provisions governing negotiated transmission services in version 109 of the NER continue to apply in Victoria.[64] Accordingly, negotiated transmission services in Victoria remain subject to:

- a negotiating framework, and
- negotiated transmission service criteria (NTSC).

AusNet must prepare a negotiating framework that sets out procedures to be followed for negotiating the terms and conditions of access for provisions of negotiated transmission services. In November 2025, AusNet submitted its proposed negotiating framework as part of its 2027–32 regulatory proposal.[65]

The NTSC, which is developed in consultation with stakeholders, sets out criteria that a TNSP must apply in negotiating those terms and conditions, including the prices and access charges for negotiated transmission services. They also contain the criteria that a commercial arbitrator must apply to resolve disputes about such terms and conditions and/or access charges. Our proposed NTSC for AusNet was published with its proposal in November 2025.[66] We did not receive any submissions on the proposed NTSC.

AusNet's proposed negotiating framework for the 2027–32 regulatory period is similar to what we approved for the 2022–27 period. [67] It is consistent with our negotiating framework criteria, and gives effect to, the negotiated transmission service principles in the NER.

We note that AusNet's proposed negotiating framework for the 2027–32 period has been updated for the transfer of functions from the AEMO to the VicGrid.

Our draft decision is to not approve AusNet's proposed negotiating framework for the 2027–32 regulatory control period as we consider an amendment is required to satisfy clause 6A.9.5(c)(5) of the NER (version 109), pertaining to the requirement to specify a reasonable period of time for commencing, progressing and finalising negotiations for the provision of negotiated transmission service.

We will also apply the NTSC we published for consultation in November 2025 to AusNet. Our assessment approach and reasons are set out in Attachment 10 to our draft decision.

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64 By virtue of clause 11.98.8 of the NER.

65 AusNet Services, *TRR 2027-32 Appendix 15A Negotiating Framework*, 10 November 2025.

66 AER, *Proposed Negotiated Transmission Service Criteria for AusNet Services 2027-32*, November 2025.

67 AER, *Draft decision - AusNet Services transmission 2022-27 - Attachment 14 - Negotiating framework*, 30 June 2021.

6 Constituent decisions

In accordance with clause 6A.14.1 of the NER, this draft decision on the transmission determination that will apply to AusNet for the 2027–32 period includes the following constituent decisions.

Table 5 Constituent decisions

NER cl. 6A.14.1	Constituent decision
6A.14.1(1)(i)	The AER's draft decision is to refuse to approve the total revenue cap for AusNet for the 2027–32 regulatory control period, for the reasons set out in Attachment 1 to this draft decision.
6A.14.1(1)(ii)	The AER's draft decision on the maximum allowed revenue for each regulatory year of the 2027–32 regulatory control period is set out in Attachment 1 to this draft decision.
6A.14.1(1)(iii)	The AER's draft decision is that Version 6 of the Service Target Performance Incentive Scheme (STPIS) will apply to AusNet for the 2027–32 regulatory control period. The AER's draft decision on the values that are to be attributed to the performance incentive scheme parameters for the STPIS are set out in Attachment 7 to this draft decision.
6A.14.1(1)(iv)	The AER's draft decision is that Version 2 of the Efficiency Benefit Sharing Scheme (EBSS) will apply to AusNet for the 2027–32 regulatory control period. The AER's draft decision on the values that are to be attributed to the efficiency benefit sharing scheme parameters for the EBSS are set out in Attachment 5 to this draft decision.
6A.14.1(1)(v)	The AER's draft decision is to approve the commencement and length of the regulatory control period proposed by AusNet. The AER's draft decision is that the regulatory control period will commence on 1 April 2027, and that the length of the regulatory control period will be 5 years (concluding 31 March 2032).
6A.14.1(2)	Acting in accordance with clause 6A.6.7(d), the AER's draft decision is to not accept the total of the forecast capital expenditure for the 2027–32 regulatory control period that is included in the current Revenue Proposal. The AER's draft decision therefore sets out an alternative estimate of the total of the required capital expenditure for the 2027–32 regulatory control period that the AER is satisfied reasonably reflects the capital expenditure criteria, taking into account the capital expenditure factors, of $1,710.9 million ($2026–27), and reasons for that decision, in Attachment 2 to this draft decision.
6A.14.1(3)	Acting in accordance with clause 6A.6.6(d), the AER's draft decision is to not accept the total of the forecast operating expenditure for the 2027–32 regulatory control period that is included in the current Revenue Proposal. The AER's draft decision therefore sets out an alternative estimate of the total of the required operating expenditure for the 2027–32 regulatory control period that

NER cl. 6A.14.1	Constituent decision
	the AER is satisfied reasonably reflects the operating expenditure criteria, taking into account the operating expenditure factors, of $2,149.2 million ($2026–27), and reasons for that decision, in Attachment 3 to this draft decision.
6A.14.1(4)(iv)	The AER's draft decision is that the following proposed contingent project described in the current Revenue Proposal is not a contingent project for the purposes of the revenue determination, having regard to the requirements of clause 6A.8.1(b), and for the reasons set out in Attachment 2 to this draft decision: • Dederang Terminal Station transformer and circuit breaker replacement project The AER has therefore not made decisions under clauses 6A.14.1(4)(ii) and 6A.14.1(4)(iii) for the proposed contingent project.
6A.14.1(5)	AusNet did not submit a financeability request and therefore the AER has not made a decision under clause 6A.14.1(5).
6A.14.1(5A)	The AER's draft decision on how applicable incentive schemes are to apply to AusNet is: • Version 4 of the Capital Expenditure Sharing Scheme will apply, for the reasons set out in Attachment 6 to this draft decision. • A small-scale incentive scheme will not apply. AusNet did not propose a scheme. • Version 1.01 of the Demand Management Innovation Allowance Mechanism will apply, for the reasons set out in Attachment 8 to this draft decision.
6A.14.1(5B)	The AER's draft decision on the allowed rate of return for the 2027-28 regulatory year is 6.34% (nominal vanilla) for the reasons set out in section 2.2 to this Overview. The rate of return for the remaining regulatory years of the 2027–32 regulatory control period will be updated annually because the AER's decision is to apply a trailing average portfolio approach to estimating debt which incorporates annual updating of the allowed return on debt.
6A.14.1(5C)	The AER's draft decision on the allowed imputation credits for each regulatory year for the 2027–32 regulatory control period is 0.57.
6A.14.1(5D)	The AER's draft decision on the regulatory asset base as at the commencement of the 2027–32 regulatory control period, in accordance with clause 6A.6.1 and Schedule 6A.2, is $4,769.5 million ($ nominal), as set out in Attachment 1 to this draft decision.
6A.14.1(5E)	The AER's draft decision is that depreciation for establishing the regulatory asset base as at the commencement of the following regulatory control period (as at 1 April 2032) is to be based on forecast capital expenditure.
6A.14.1(8)	The AER's draft decision is to refuse to approve AusNet's proposed pricing methodology for the 2027–32 regulatory control period. The reasons for our draft decision are set out in Attachment 9 to this draft decision.

NER cl. 6A.14.1	Constituent decision
6A.14.1(9)	The AER's draft decision is that the following additional pass through events are to apply for the 2027–32 regulatory control period in accordance with clause 6A.6.9: • insurance coverage event; • insurer credit risk event; • terrorism event; • natural disaster event; and • Victorian Minister's order event These events have the definitions set out in Attachment 4 to this draft decision. We have not included the proposed pass through event for the VicGrid direction event for the reasons outlined in Attachment 4 to this draft decision.
Other constituent decisions	
11.98.8(a)(1)	By virtue of clause 11.98.8, the provisions for negotiated transmission services in version 109 of the NER continue to apply in Victoria. • Under clauses 6A.2.2(2) and 6A.14.1(6) of version 109 of the NER, the AER's draft decision is to not approve AusNet's proposed negotiating framework for the 2027–32 regulatory control period, for the reasons set out in Attachment 10 to this draft decision. • In accordance with clause 6A.2.2(3) and 6A.14.1(7) of version 109 of the NER, the AER's draft decision is that the negotiated transmission services criteria for AusNet are those specified in Attachment 10 to this draft decision, for the reasons set out in that Attachment.

7 List of submissions

We received three submissions in response to our issues paper and AusNet's 2027–32 transmission revenue proposal. These are listed below.[68]

Submission from	Date received
AusNet's Transmission Stakeholder Advisory Panel	2 December 2025
AER Consumer Challenge Panel 34 (CCP34)	19 February 2026
Hon Lily D'Ambrosio MP (Victorian Government)	18 March 2026

[68] Submissions are available on the AER website at https://www.aer.gov.au/industry/registers/determinations/ausnet-services-transmission-determination-2027-2032/proposal#submissions-issues-paper-regulatory-proposal

Glossary

Terms	Definition
AARR	aggregate annual revenue requirement
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
capex	capital expenditure
CCP34	Consumer Challenge Panel, sub-panel 34
CESS	Capital Expenditure Sharing Scheme
CPI	consumer price index
DMIAM	Demand Management Innovation Allowance Mechanism
EBSS	Efficiency Benefit Sharing Scheme
ESOO	Electricity Statement of Opportunities
ICT	information and communication technology
ISP	Integrated System Plan
kWh	kilowatt hour
MAR	maximum allowed revenue
MWh	megawatt hour
NEL	National Electricity Law
NEO	National Electricity Objective
NER	National Electricity Rules
NTSC	negotiated transmission service criteria
opex	operating expenditure
PTRM	post-tax revenue model
PV	photovoltaic
RAB	regulatory asset base
RBA	Reserve Bank of Australia
repex	replacement expenditure
RFM	roll forward model
RIN	regulatory information notice

RORI	rate of return instrument
SaaS	Software-as-a-Service
SMP	Statement of Monetary Policy
SOCI	Security of Critical Infrastructure
STPIS	Service Target Performance Incentive Scheme
TNSP	transmission network service provider
VTP	Victorian Transmission Plan
WACC	weighted average cost of capital