AusNet

AusNet Transmission Group Pty Ltd

Annual Information Order

2024-25 Regulatory Year

Schedule 1: Supporting Information

Public

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1. Compliance Checklist

AusNet Transmission Group's submission for the regulatory year 1 April 2024 to 31 March 2025 (**RY25**) has addressed each of the requirements contained within the Annual Information Order (**AIO**) issued to AusNet Transmission Group on 5 April 2024.

1.1 Schedule 1

Schedule 1 of the submission contains the requirements that AusNet Transmission must meet in respect of the Regulatory Information to be provided to the AER. The Supporting Information Requirements for each clause under section 4 of the Annual Information Order is summarised below, together with comments on how AusNet Transmission has complied with the requirements.

This document is referenced to within the AER checklist file '*AusNet Transmission – Annual Orders – 4.1.2a Requirements List – Public*' which was provided by the AER via email on 27 June 2025.

2.Policies and Procedures

2.1 Regulatory Accounting Principles and Policies

AusNet Transmission has previously provided the Regulatory Accounting Principles and Policies to the AER. There have been no changes in Accounting Policies during the Regulatory Year that had a material impact on the information presented. In accordance with Clause 4.2.3, the Principles and Policies are not required to be provided in the current submission.

2.2 Capitalisation Policy

AusNet Transmission has previously provided the Capitalisation Policy to the AER and there have been no material changes in the Regulatory Year. In accordance with Clause 4.2.3, the Capitalisation Policy is not required to be provided in the current submission.

2.3 Cost Allocation Method

AusNet Transmission's policy for determining the allocation of capitalised overheads is consistent with the approach outlined in its Transmission Cost Allocation Method ("**CAM**") document, approved by the AER in November 2019. There have been no changes to this document, hence in accordance with Clause 4.2.3, the CAM is not required to be provided in the current submission.

3.Regulatory Adjustments

The below adjustment has been reported in AIO template 9.2 *RFS Inc*.

Debit	Depreciation	$75,956,349
Credit	Property, Plant and Equipment	($75,956,349)
Adjustment in Depreciation, and Valuation adjustment in Accounting PP&E, to reflect Regulatory PP&E)		

- The underlying reason for the above regulatory adjustment is to reflect regulatory PPE and depreciation values given the amounts are being reported for the regulatory accounts (PTS) as per the template 9.2.1. In accordance with clause 4.3.3 of the AIO, the above regulatory adjustment journal is consistent with that was provided in the 2022-23 Annual Regulatory Accounts.
- The regulatory adjustment is the difference between PTS share of depreciation per the audited financial statements ($121,320,456 as reported in template 9.1.1 *Disagg Income Statement*) and actual straight-line depreciation per 3.3.1 RAB template ($197,276,805).

4.Discretionary row descriptors

Below are the change(s) to discretionary row descriptors in the AIO templates in RY25:

1. Negotiated service row added in '8.5 Disagg Opex' to separate out negotiated opex.
    - The change was made to enable clearer reporting as previously non-regulated services included negotiated services. Hence, a row description for negotiated services was needed given it is reported as separate service segment. There are no specific policies or guidelines causing the change.

5. Allocation of revenues and expenditures to service segments

Note: Service segment refers to prescribed transmission services, negotiated transmission services and non-regulated transmission services

5.1 Revenue

Transmission Revenue was extracted from SAP General Ledger accounts which are directly attributable to the Transmission Business and the service segments. There are no causal allocations.

5.2 Opex

Template 8.5 Disagg Opex reports directly attributable and allocated opex.

For the allocated opex reported:

- AusNet Transmission employs an indirect cost allocation methodology to allocate costs that are not directly attributable. These 'shared' costs are initially pooled against cost centres or 'overhead / administration' project codes. Costs are then allocated between relevant categories of services (for regulatory reporting) based on causal cost drivers as follows:
- Significant non-labour items, such as insurance premiums, stores costs and audit fees, and other significant non-project non-labour costs are allocated to service categories by the Finance team using appropriate causal cost drivers, such as asset values or inventory transactions; and
- Non-project costed labour (i.e. labour costs not directly charged to projects) and other general administrative and overhead costs, are subject to allocation via a monthly, formal, business-wide, effort-based using the indirect cost allocation methodology process conducted for every AusNet responsibility centre.

In respect of the current year's Regulatory Accounts' template 8.5, the below table summarises the amounts allocated under each of the above points as required by clause 4.5.1 of the AIO. The information is considered material in nature.

As per clause 4.5.2, AusNet Transmission confirms it does not allocate any costs on a non-causal basis.

Prescribed Transmission Services

	Prescribed transmission services	Direct PTS	Indirect PTS	Indirect Causal Allocator
ALLOCATED OPEX				
Network Maintenance	4,303,354	413,229	3,890,126	**50%**
Network Operations	7,156,923	668,987	6,487,936	**57%**
OHS	564,541	3,180	561,362	**14%**
Finance	4,675,872	547,748	4,128,123	**18%**
HR	4,173,370	30,673	4,142,697	**22%**
IT	466,186	32,563	433,623	**11%**
Building Services	1,341,340	42,675	1,298,665	**21%**
Strategy and Business Development	511,850	-	511,850	**30%**
Other Corporate Services	4,381,696	1,391,283	2,990,413	**14%**
Non-Regulated Services				
Allocated opex	**27,575,133**	**3,130,339**	**24,444,794**	

Non-regulated Transmission Services

ALLOCATED OPEX	Non-regulated transmission services	Direct Non-Reg	Indirect Non-Reg	Indirect Causal Allocator
Network Maintenance	[redacted]			
Network Operations				
OHS				
Finance				
HR				
IT				
Building Services				
Strategy and Business Development				
Other Corporate Services				
Non-Regulated Services				
Allocated opex				

Allocated Opex category	Description of allocator	Why was the allocator selected
Network Maintenance and Network Operations	Network Overheads: Direct contractor projects and direct employee timesheeting to projects	Management and staff effort is allocated based on the direct projects which they manage
OHS, Finance, HR, Building Services, Strategy & Business Development and Other Corporate Services	Corporate Overheads: these are shared corporate costs allocated based on segment revenue and expenditures of the networks	Regulated networks and the non-regulated business receive a share of corporate costs relative to the revenue they generate and/or the expenditure they incur
IT	Expenditure on direct (network specific) digital projects	Management and staff effort is allocated based on the direct projects which they manage
Non-regulated Services	Timesheeting and other expenditure related to non-regulated projects	Non-regulated services are only allocated to the non-regulated business

6. Material Differences

As required under clause 4.6.1, below shows the actual STPIS performance against the target for CY2024 and explanations for variances +/- 10%

Parameter		Units	Performance Calendar year Jan - Dec 2024	Targets Calendar Year Jan - Dec 2024	Percentage Variance (Performance vs Target)	Greater than +/- 10% Variance
SERVICE PARAMETER 1 – AVERAGE CIRCUIT OUTAGE RATE						
TQS0101	Lines outage rate - fault	%	9.16%	17.09%	**-46.40%**	**Y**
TQS0102	Number of Lines fault outages	number of events	12			
TQS0103	Number of defined Lines	number of lines	131			
TQS0104	Transformers outage rate - fault	%	7.63%	11.97%	**-36.23%**	**Y**
TQS0105	Number of Transformer fault outages	number of events	10			
TQS0106	Number of defined Transformers	number of transformers	131			
TQS0107	Reactive plant outage rate - fault	%	5.41%	20.67%	**-73.85%**	**Y**
TQS0108	Number of Reactive plant fault outages	number of events	4			
TQS0109	Number of defined Reactive plant	number of reactive plants	74			
TQS0110	Lines outage rate – forced outage	%	0.76%	10.14%	**-92.47%**	**Y**
TQS0111	Number of Lines forced outages	number of events	1			
TQS0112	Transformers outage rate - forced	%	6.87%	11.97%	**-42.60%**	**Y**
TQS0113	Number of Transformer forced outages	number of events	9			
TQS0114	Reactive plant outage rate - forced	%	4.05%	27.78%	**-85.41%**	**Y**
TQS0115	Number of Reactive plant forced outages	number of events	3			
SERVICE PARAMETER 2 – LOSS OF SUPPLY EVENT FREQUENCY						
	'x' threshold applied in the reporting year under the scheme	System minutes	0			
	'y' threshold applied in the reporting year under the scheme	System minutes	0			
TQS0116A	S7. Loss of supply events: Number of events > 0.05 system minutes per annum (x)	Number of events	1.000	1.000	**0.00%**	**N**
TQS0117E	S8. Loss of supply events: Number of events > 0.3 system minutes per annum (y)	Number of events	-	1.000	**-100.00%**	**Y**

Parameter		Units	Performance Calendar year Jan - Dec 2024	Targets Calendar Year Jan - Dec 2024	Percentage Variance (Performance vs Target)	Greater than +/- 10% Variance
SERVICE PARAMETER 3 – AVERAGE OUTAGE DURATION						
TQS0118	Average outage duration	minutes	169.5	45.6	**271.71%**	**Y**
SERVICE PARAMETER 4 – PROPER OPERATION OF EQUIPMENT – NUMBER OF FAILURE EVENTS						
TQS0119	Failure of protection system	number of events	2	31	**-93.55%**	**Y**
TQS0120	Material failure of Supervisory Control and Data Acquisition (SCADA) system	number of events	4	1	**300.00%**	**Y**
TQS0121	Incorrect operational isolation of primary or secondary equipment	number of events	-	6	**-100.00%**	**Y**

Comments on Variances +/-10%:

The variances between actual and target for the below parameters (as noted by "Y" above) are due to the nature of outages being random occurrences each year which does not follow a specific trend.

- TQS0101
- TQS0104
- TQS0107
- TQS0110
- TQS0112
- TQS0114
- TQS0118
- TQS0119
- TQS0120

The variances between actual and target for the below parameters (as denoted by "Y" above) are due to there being no events recorded against these parameters in CY24:

- TQS0117E
- TQS0121

Financials – Actuals vs AER Forecast/Allowance

	Actual	AER Forecast/Allowance	Variance under/(over)%
Operating & Maintenance (O&M)	$104,306,722	$115,501,254	10%
Easement Tax	$256,830,945	$197,242,605	(30%)
Total Opex (PTS)	**$361,137,667**	**$312,743,859**	**(15%)**

Total PTS opex is 15% above the AER allowance. The is largely due to Easement Tax, as determined by the State Revenue Office of Victoria, being higher than the Easement Tax Allowance.

O&M actuals of $104m is 10% below the AER Allowance largely due lower maintenance, taxes and charges and insurance costs incurred as compared to Allowances as these costs did not materialise to the extent anticipated by Step Change Allowances. Further, corporate costs incurred were lower than the Allowance.

	Actual	AER Forecast/Allowance	Variance under/(over)%
Capex (PTS)	**$182,542,077**	**$219,816,084**	**17%**

Actual capex is 17% below the AER Allowance. This is primarily driven by underspend compared to allowance in the following Network categories; Transformers ($30m), Switchgear ($20m), Communications ($19m), Establishment ($14m) and Secondary ($8m); partially offset by overspend on Transmission Lines of $55m.

Key projects driving this overspend are in Transmission lines are TSTS - Tx and Switchgear Replacement ($24m) and Anakie Tower Rebuilds for which a submission for a pass-through of the costs has been submitted to the AER.

7.Service Performance Information

The following table reports Service Performance as per template 3.6.1 Service Component

Variable	Metric	CY2024	CY2023	Variance
SERVICE PARAMETER 1 – AVERAGE CIRCUIT OUTAGE RATE				
TQS0101	Lines outage rate - fault	9.16%	5.30%	3.86%
TQS0104	Transformers outage rate - fault	7.63%	4.80%	2.83%
TQS0107	Reactive plant outage rate - fault	5.41%	12.33%	-6.92%
TQS0110	Lines outage rate – forced outage	0.76%	2.27%	-1.51%
TQS0112	Transformers outage rate - forced	6.87%	5.60%	1.27%
TQS0114	Reactive plant outage rate - forced	4.05%	6.85%	-2.80%
SERVICE PARAMETER 2 – LOSS OF SUPPLY EVENT FREQUENCY				
	'x' threshold applied in the reporting year under the scheme	0.050	-	0.050
	'y' threshold applied in the reporting year under the scheme	0.300	-	0.300
SERVICE PARAMETER 3 – AVERAGE OUTAGE DURATION				
TQS0118	Average outage duration	169.5	98.0	71.5
SERVICE PARAMETER 4 – PROPER OPERATION OF EQUIPMENT – NUMBER OF FAILURE EVENTS				
TQS0119	Failure of protection system	2	1	1
TQS0120	Material failure of Supervisory Control and Data Acquisition (SCADA) system	4	1	3
TQS0121	Incorrect operational isolation of primary or secondary equipment	-	1	(1)

Drivers of significant year-on-year changes as reported above:

- **TQS0101** increase in CY2024 is due to higher instances of faults in CY2024 as compared to prior year; outages are random and do not follow a trend
- **TQS0104** increase in CY2024 is due to higher instances of faults in CY2024 as compared to prior year; outages are random and do not follow a trend
- **TQS0107** decrease in CY2024 is due to lower instances of faults in CY2024 as compared to prior year; outages are random and do not follow a trend
- **TQS0114** decrease in CY2024 is due to lower instances of faults in CY2024 as compared to prior year; outages are random and do not follow a trend
- **TQS0118** increase in CY2024 is due to two unique faults which occurred in CY2024 which required crew attendance and physical equipment to restore power, whereas in CY2023, supply was restored to customers via alternative pathways through switching operations
- **TQS0120** increase in CY2024 is due to increased number of SCADA system failures

CY2024 STPIS outcomes as submitted by AusNet Transmission:

Variable	Performance without exclusions	Performance with exclusions
S-factor	0.5839%	0.7000%
Financial Incentive	$3,610,419	$4,328,051

All STPIS Service Component parameters are defined as per "AER - STPIS version 5 (corrected) - 30 September 2015".

8.Third Party Benefit Transactions

AusNet Transmission do not have any transactions recorded within the regulatory accounts that are associated with subcontracting, purchase or other arrangements, which result in AusNet Transmission, or our related parties, enjoying a beneficial interest in income, or other value. This is consistent with prior years.

9. Demand Management Innovation Allowance Mechanism

AusNet Transmission Group has previously submitted its DMIAM Annual Compliance Report to the AER via email on 1 July 2025. However, the DMIAM report has been provided as part of the AIO submission for completeness. Refer to attachment: *AusNet Transmission – Annual Order – 2024-25 – DMIAM Report – Public*

10. Tax Standard Asset Lives

The standard tax lives contained in the AER Final decision PTRM for AusNet Transmission Group Pty Ltd (2023-27) were adopted which are broadly consistent with the values prescribed by the Commissioner for taxation in the Australian Tax Office ruling 2020/3 and the Income Tax Assessment Act 1997 (ITAA).

11. Tax Reporting – Immediate Expensing

AusNet treats its capitalised financing charges and capitalised overheads as immediately deductible for tax purposes as they are incurred (prior to commissioning of an asset).

Further, transmission projects relating to Tower / HV conductor replacements, usually resulting from storm events, are also immediately deductible for tax purposes on an as commissioned basis.

The immediate expensing of capex reported in template 2.4.1 pertains to as commissioned capex and therefore includes the following type(s) of capital expenditure:

- [redacted]

There were no changes to AusNet's tax policy on capex immediate expensing during the regulatory year (nor any intention to change the policy during the regulatory year).

12. Regulatory Investment Test Expenditure

AusNet Transmission has incurred expenditure during RY25 on the following projects that have undergone a Regulatory Investment Test (RIT).

RIT-T Project	Date RIT-T was concluded	Replacement or Augmentation
TD-0007772 Maintaining supply reliability in North-Eastern Metropolitan Melbourne	18-December-2020	Replacement
TD-0007996 Maintaining supply reliability in the Shepparton and Goulburn Murray area	18-June-2021	Replacement
TD-0008033 Maintain reliable transmission network services at Sydenham Terminal Station	21-November-2021	Replacement
TD-0003546 Voltage control in North-West Victoria	13-November-2022	Replacement
TD-0006168 Maintain reliable transmission network services at Moorabool Terminal Station	18-November-2022	Replacement
TD-0010117 South-West Network Communications Replacement	21-November-2022	Replacement
TD-0008004 Maintain reliable transmission network services from Redcliffs Terminal Station	11-October-2023	Replacement
TD-0005956 Tower Strengthening: Murray Switching Station to Dederang Terminal Station	27-November-2023	Replacement
TD-0009879 Transmission Line Insulator Replacement Program	06-December-2023	Replacement
TD-0014633 Maintaining reliable 330/220 kV transformation network services at South Morang Terminal Station	22-May-2025	Replacement
TD-0012549 Conductor & Ground Wire Replacement	Ongoing	Replacement
TD-0012063 Tower replacement on the Heywood to Alcoa Portland 500kV line	Ongoing	Replacement
TD-0008025 Maintain reliable transmission network services at South Morang Terminal Station	Ongoing	Replacement
TD-0003454 Maintain reliable transmission network services at Keilor Terminal Station	Ongoing	Replacement
TD-0014597 Transmission Insulator Replacement 500kV & 220kV	Ongoing	Replacement

13. Related Party Information

Related party transactions reported in template 7.7 were obtained from SAP enterprise system.

There are no specific contracts in place between AusNet Transmission and its related parties as related party transactions are recorded via intercompany financial entries in the SAP system.

Hence, AusNet Transmission can obtain all relevant information to be able to meet its reporting obligations under the AIO.

14. Compliance: Negative Change Events

AusNet Transmission performs quarterly checks of actual operating expenditure against the Step Change Regulatory Allowances to be able to identify a potential negative change event.

The materiality threshold applied for these events is 1% of the Annual Maximum Allowed Revenue (MAR) as per the 2022-27 TRR Final Decision. The threshold applied is $5.7m.

AusNet Transmission confirms there were no negative change events which occurred during the reporting period, RY25.

15. Reconciliation of Expenditure

Non-network expenditure as reported in template 2.6 of the submission workbook has not been reported against more than one operating expenditure category.

The 2.10 Overheads template excluded non-network expenditure already reported under 2.6. Hence a reconciliation as stipulated under section 4.15.1 is not applicable.

16. Benchmarking Asset Base

AusNet Transmission has not opted for the Optional additional approach set out in Appendix A Data workbook instructions, Section 7.1.11 Optional additional approach.

Hence there are no further reporting requirements as per 4.16 of the AIO.

17. Taxable Income Adjustments

The requirements of section 4.17 Taxable income adjustments of the AIO have been covered in the Basis of Preparation for template 8.7 Profitability – Tax Data, noting:

- There were no material permanent differences due to disallowed interest expense reported in template 8.7.
- There were no material permanent differences due to adjustments in prior year returns.
- [redacted]

Please refer to Basis of Preparation document included within the Annual Information Order submission for further details.

18. Interest Expense

The requirements of section 4.18 Interest Expense of the AIO have been covered in the Basis of Preparation for template 8.7 Profitability – Tax Data.

Please refer to Basis of Preparation document included within the Annual Information Order submission.

19. Large projects

As per clause 4.19 of the AIO, the below table summarises the RY25 large projects actual performance against AER forecast/allowance

Large project per template 7.5	TRR Determination	Contingent project?	RY25 Actuals $	RY25 Allowance $	Variance	Drivers of the variance
TD-0003319 WMTS Redevelopment Project	2017-2022	No	45,808	-	(45,808)	No allowance as estimated project completion date was in prior TRR period
TD-0003454 KTS 500/220kV Transformer Replacement	2022-2027	No	144,119	17,224,103	17,079,984	Through joint planning with AEMO & VicGrid, a decision has been made to replace the KTS transformers in an integrated project rather than a staged approach to cater for the expected demand growth and connection of data centres in the KTS supply area. This change in asset management strategy along with project cost increases have deferred the economic timing since the TRR2022-27 determination.
TD-0006168 MLTS CB Replacement	2022-2027	No	8,809,193	14,361,890	5,552,697	Project timing is in earlier stage of delivery compared to forecast
TD-0006190 LYPS & HWTS 500kV CB Replacement Stage 1	2022-2027	No	53,198	-	(53,198)	Project was previously forecast to be completed by this point
TD-0007772 TSTS - Tx and Switchgear Replacement	2022-2027	No	23,870,128	12,690,747	(11,179,380)	Higher costs of delivering the project mainly due to increases in cost of transformers, alongside additional environmental scope
TD-0007996 SHTS Transformer and CB Replacement	2022-2027	No	6,034,740	15,851,287	9,816,546	Project timing is in earlier stage of delivery compared to forecast
TD-0008004 RCTS Transformer & Switchgear Replacement	2022-2027	No	8,222,953	4,396,720	(3,826,233)	Higher costs of delivering the project mainly due to increases in cost of transformers

Large project per template 7.5	TRR Determination	Contingent project?	RY25 Actuals $	RY25 Allowance $	Variance	Drivers of the variance
TD-0008025 SMTS 500kV GIS Replacement	2022-2027	No	311,223	5,155,658	4,844,434	Change in asset management strategy from replacement of the GIS in a staged approach to a single integrated project and project cost increases have resulted in a deferred economic timing since the TRR2022-27 determination
TD-0008033 SYTS 500kV GIS Replacement	2022-2027	No	6,742,821	40,483,410	33,740,589	Project timing is in earlier stage of delivery compared to forecast/allowance
TD-0010117 South West Network Comms Replacement	2022-2027	No	519,844	2,568,216	2,048,373	Business re-prioritisation of Lines projects (Anakie below) over Communications projects
TD-0014633 SMTS H Tx Replacement	2022-2027	No	85,639	11,945,196	11,859,557	Through joint planning with AEMO & VicGrid, a decision has been made to change the project scope from replacement with a new transformer and a single-phase spare to a new transformer and a hot spare transformer bank. This change in asset management strategy along with project cost increases have deferred the economic timing since the TRR2022-27 determination
TD-0012063 T624 to T628B HYTS-APD tower replacement	N/A	No	8,815,344	-	(8,815,344)	No allowance was allocated to this project in the 2023-2027 TRR
TD-0014303 Anakie Tower Rebuilds	N/A	No	23,250,588	-	(23,250,588)	No Allowance given unplanned Feb-24 storm event. A pass-through application has been made to the AER in Jan-2025
TD-0014597 Transmission Insulator Replacement	N/A	No	256,566	-	(256,566)	No allowance submitted in the 2023-2027 TRR

AusNet Services

Level 32
2 Southbank Boulevard
Southbank VIC 3006
T +613 9695 6000
F +613 9695 6666
Locked Bag 14051 Melbourne City Mail Centre Melbourne VIC 8001
www.AusNetservices.com.au

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