

# TasNetworks Regulatory Information Order - Supporting Information

Supporting Documentation

28 November 2025

Official



Powering a  
Bright Future

TasNetworks acknowledges the palawa (Tasmanian Aboriginal community) as the original owners and custodians of lutruwita (Tasmania). TasNetworks, acknowledges the palawa have maintained their spiritual and cultural connection to the land and water. We pay respect to Elders past and present and all Aboriginal and Torres Strait Islander peoples.

# 1 Contents

<b>1</b>	<b>Order Requirements</b>	<b>5</b>
1.1	Information Reference Table	5
1.2	File Reference Table	6
<b>2</b>	<b>Policies and Procedures</b>	<b>8</b>
2.1	Distribution	8
2.2	Transmission	8
<b>3</b>	<b>Regulatory Adjustments</b>	<b>9</b>
3.1	Distribution	9
3.2	Transmission	9
<b>4</b>	<b>Discretionary Row Descriptors</b>	<b>10</b>
<b>5</b>	<b>Allocation of Revenues and Expenditures to Distribution Services</b>	<b>10</b>
5.1	Revenue or Expenditure Allocated on a Causal Basis	10
5.2	Revenue or Expenditure Allocated other than on a Direct or Causal Basis	12
<b>6</b>	<b>Allocation of Revenues and Expenditures to Service Segments</b>	<b>13</b>
6.1	Distribution	13
6.2	Transmission	31
6.3	Revenue or Expenditure Allocated other than on a Direct or Causal Basis	33
<b>7</b>	<b>Material Differences</b>	<b>35</b>
7.1	Distribution	35
7.2	Transmission	39
<b>8</b>	<b>Service Performance Information</b>	<b>42</b>
8.1	Primary Drivers of Service Performance	42
8.2	STPIS Parameters	43
<b>9</b>	<b>Third Party Benefit Transactions</b>	<b>43</b>
<b>10</b>	<b>Compliance</b>	<b>43</b>
10.1	Classification of Distribution Services	43
10.2	Application of Negotiated Distribution Service Criteria	45
10.3	Identification of Negative Change Events	45
<b>11</b>	<b>Demand Management Incentive Scheme</b>	<b>45</b>
11.1	Introduction	45

11.2	Reporting	46
<b>12</b>	<b>Demand Management Innovation Allowance Mechanism</b>	<b>47</b>
12.1	Governance	49
12.2	Statement on costs	50
12.3	DMIA project summary	50
12.4	Project Reports	50
<b>13</b>	<b>Tax Standard Asset Lives</b>	<b>56</b>
13.1	Distribution	56
13.2	Transmission	56
<b>14</b>	<b>Tax Reporting – Immediate Expensing</b>	<b>57</b>
14.1	Distribution	57
14.2	Transmission	57
<b>15</b>	<b>Regulatory Investment Test Expenditure</b>	<b>57</b>
15.1	Distribution	57
15.2	Transmission	57
<b>16</b>	<b>Related Party Information</b>	<b>57</b>
<b>17</b>	<b>Reporting of Fines and Penalties</b>	<b>57</b>
<b>18</b>	<b>Tariff Variations</b>	<b>58</b>
18.1	Level and Structure Tariff Changes	58
18.2	Tariff Re-assignments	58
<b>19</b>	<b>Vegetation Management</b>	<b>58</b>
19.1	Material Impact of Legislation	58
19.2	Self-Imposed Vegetation Management Standards	59
19.3	Explanation of Regulations & Self-Imposed Standards Cost Impacts	59
<b>20</b>	<b>Reconciliation of Expenditure</b>	<b>60</b>
20.1	Distribution	60
20.2	Transmission	60
<b>21</b>	<b>Benchmarking Asset Base</b>	<b>60</b>
21.1	Distribution	60
21.2	Transmission	60
<b>22</b>	<b>Taxable Income Adjustments</b>	<b>61</b>
22.1	Distribution	61

22.2	Transmission	61
<b>23</b>	<b>Interest Expenditure</b>	<b>61</b>
23.1	Distribution	61
23.2	Transmission	61
<b>24</b>	<b>Small Scale Incentive Schemes</b>	<b>62</b>
24.1	Customer service incentive scheme	62
24.2	Export service incentive scheme	62
<b>25</b>	<b>Large Projects</b>	<b>62</b>
25.1	Distribution	62
25.2	Transmission	62
<b>26</b>	<b>Circuit Capacity</b>	<b>63</b>

# 1 Order Requirements

In this document, TasNetworks has provided the information set out in section 4 of the electricity distributors and electricity TNSPs annual information order.

## 1.1 Information Reference Table

The below table identifies each response to section 4 of the Regulatory Information Order (RIO) and where it is provided in this annual information submission.

Order Requirement	Segment	Document Section
Requirements to Provide Supporting Information Under this Order	DNISP & TNSP	1, 1.1, 1.2
Policies & Procedures	DNISP & TNSP	2, 2.1, 2.2
Regulatory Adjustments	DNISP & TNSP	3, 3.1, 3.2
Discretionary Row Descriptors	DNISP & TNSP	4
Allocation of Revenues and Expenditures to Distribution Services	DNISP	5, 5.1, 5.2
Allocation of Revenues and Expenditures to Service Segments	DNISP & TNSP	6, 6.1, 6.2, 6.3
Material Differences	DNISP & TNSP	7, 7.1, 7.2
Service Performance Information	TNSP	8, 8.1, 8.2
Third Party Benefit Transactions	TNSP	9
Compliance	DNISP & TNSP	10, 10.1, 10.2, 10.3
Demand Management Incentive Scheme	DNISP	11, 11.1, 11.2
Demand Management Innovation Allowance Mechanism	DNISP & TNSP	12, 12.1, 12.2, 12.3, 12.4
Tax Standard Asset Lives	DNISP & TNSP	13, 13.1, 13.2
Tax Reporting – Immediate Expensing	DNISP & TNSP	14, 14.1, 14.2
Regulatory Investment Test Expenditure	DNISP & TNSP	15, 15.1, 15.2
Related Party Information	DNISP & TNSP	16
Reporting of Fines and Penalties	DNISP	17

<b>Tariff Variations</b>	DNSP	18, 18.1, 18.2
<b>Vegetation Management</b>	DNSP	19, 19.1, 19.2, 19.3
<b>Reconciliation of Expenditure</b>	DNSP & TNSP	20, 20.1, 20.2
<b>Benchmarking Asset Base</b>	DNSP & TNSP	21, 21.1, 21.2
<b>Taxable Income Adjustments</b>	DNSP & TNSP	22, 22.1, 22.2
<b>Interest Expenditure</b>	DNSP & TNSP	23, 23.1, 23.2
<b>Small Scale Incentive Schemes</b>	DNSP	24, 24.1, 24.2
<b>Large Projects</b>	DNSP & TNSP	25, 25.1, 25.2
<b>Circuit Capacity</b>	DNSP	26

## 1.2 File Reference Table

Document Title	Document Purpose
Distribution documents	
TasNetworks – Annual Order 2024-25 – Distribution data submission workbook - Public	TasNetworks distribution data submission workbooks with confidential and SOCI Protected information removed for public release.
TasNetworks – Annual Order 2024-25 – Distribution data submission workbook – Protected SOCI Act and Confidential	TasNetworks distribution data submission workbooks with confidential and SOCI Protected information included for AER use.
TasNetworks – Annual Order 2024-25 – Distribution data submission workbook – Confidential	TasNetworks distribution data submission workbooks with confidential information included for AER use.
TasNetworks – Annual Order 2024-25 – Distribution RIO Basis of Preparation - Public	TasNetworks Basis of Preparation (BoP) for the data source, methodologies etc. for the distribution data for public release.
TasNetworks – Annual Order 2024-25 – Distribution RIO Basis of Preparation - Confidential	TasNetworks distribution BoP with confidential information excluded for AER use.
TasNetworks – Annual Order 2024-25 – Distribution RIO Statutory Declaration - Confidential	TasNetworks distribution RIO statutory declaration signed by TasNetworks Chief Executive Officer (CEO).
TasNetworks – Annual Order 2024-25 – Demand Management Innovation Allowance Mechanism Statutory Declaration - Confidential	TasNetworks Demand Management Innovation Allowance Mechanism statutory declaration

	signed by TasNetworks Executive Finance and Regulation.
TasNetworks – Annual Order 2024-25 – Distribution Financial Information audit opinion	TasNetworks audit opinions demonstrating the successful completion of an independent audit.
TasNetworks – Annual Order 2024-25 – Distribution Non-financial Information audit opinion	
Transmission documents	
TasNetworks – Annual Order 2024-25 – Transmission data submission workbook – Public	TasNetworks transmission data submission workbooks with confidential and SOCI Protected information removed for public release.
TasNetworks – Annual Order 2024-25 – Transmission data submission workbook – Protected SOCI Act and Confidential	TasNetworks transmission data submission workbooks with confidential and SOCI Protected information included for AER use.
TasNetworks – Annual Order 2024-25 – Distribution data submission workbook – Confidential	TasNetworks distribution data submission workbooks with confidential information included for AER use.
TasNetworks – Annual Order 2024-25 – Transmission RIO Basis of Preparation - Public	TasNetworks BoP for the data source, methodologies etc. for the transmission data for public release.
TasNetworks – Annual Order 2024-25 – Transmission RIO Basis of Preparation – Confidential	TasNetworks transmission BoP with confidential information excluded for AER use.
TasNetworks – Annual Order 2024-25 – Transmission RIO Statutory Declaration – Confidential	TasNetworks transmission RIO statutory declaration signed by TasNetworks Chief Executive Officer (CEO).
TasNetworks – Annual Order 2024-25 – Transmission Financial Information audit opinion	TasNetworks audit opinions demonstrating the successful completion of an independent audit of the transmission RIOs.
TasNetworks – Annual Order 2024-25 – Transmission Non-financial Information audit opinion	
Distribution and transmission documents	
TasNetworks – Annual Order 2024-25 – Supporting Information	TasNetworks document responding to the supporting information requirements from section 4 of the distribution and transmission Annual Orders.

TasNetworks – Annual Order 2024-25 – Confidentiality Claims and SOCI Protected Information	TasNetworks document outlining the information excluded from public release due to the requirements of the Security of Critical Infrastructure (SOCI) Act.
TasNetworks – Annual Order 2024-25 – Check Table Issue List	TasNetworks document outlining which ‘Check’ tables return FALSE flags and the reason why TasNetworks considers this suitable.

## 2 Policies and Procedures

TasNetworks must provide its policies and procedures detailing any changes that have occurred from what has previously been reported.

### 2.1 Distribution

#### 2.1.1 Policies & Procedures

TasNetworks has had no material changes to its policies and procedures from the previous regulatory year that impact the distribution statements.

##### 2.1.1.1 Capitalisation Policy

There were no changes in the capitalisation policy from the previous regulatory year.

##### 2.1.1.2 Overhead Allocation under Cost Allocation Method

Overheads have been allocated to service segments in accordance with the approved Cost Allocation Methodology (CAM). The CAM encompasses both the method and policy for the allocation of costs.

#### 2.1.2 Changes to Policies and Procedure

There were no material changes in regulatory accounting principles and policies made in the current reporting period.

### 2.2 Transmission

#### 2.2.1 Policies & Procedures

TasNetworks has had no material changes to its policies and procedures from the previous regulatory year that impact the Transmission RIOs.

##### 2.2.1.1 Capitalisation Policy

There were no changes in the capitalisation policy from the previous regulatory year.

##### 2.2.1.2 Overhead Allocation under Cost Allocation Method

Overheads have been allocated to service segments in accordance with the approved CAM. The CAM encompasses both the method and policy for the allocation of costs.

## 2.2.2 Changes to Policies and Procedure

There were no material changes in regulatory accounting principles and policies made in the current reporting period. TasNetworks CAM remains as per the June 2015 Version.

# 3 Regulatory Adjustments

## 3.1 Distribution

TasNetworks' regulatory statements contain one regulatory adjustment, specifically for income in advance.

### 3.1.1 Explanation for Adjustment

TasNetworks compares opening and closing balances of income in advance based on specific functional areas to determine the value of customer contributions that have been paid relating to standard control services but which have not yet been utilised.

Journal Number/ Template Number	Account Debited  Account Credited	Income Statement		Balance Sheet	
		Debit	Credit	Debit	Credit
1	Income in Advance				6,095,068
1	Income Statement (Contributions Revenue) Adjustment to reverse deferral of income required under AASB15 for Customer Contributions	6,095,068			
2	Regulatory Depreciation		309,104		
2	Unregulated Depreciation	309,104			
3	Finance Charges		55,079,617		
3	Interest Expenditure	55,079,617			
4	Distribution Revenue		81,974,515		
4	Other TUOS Revenue	81,974,515			
5	Accounting TUOS Expense – Standard Control Services		81,639,572		
5	TUOS Expense – Standard Control Services	81,639,572			

## 3.2 Transmission

TasNetworks' regulatory statements contain one regulatory adjustment specifically for depreciation.

### 3.2.1 Explanation for Adjustment

TasNetworks reviews regulatory depreciation and allocates the specific value to prescribed services.

Journal Number/ Template Number	Account Debited	Income Statement		Balance Sheet	
		Account Credited	Debit	Credit	Debit
1	Financial Depreciation		71,737,000		
1	Regulatory Depreciation	71,737,000			

## 4 Discretionary Row Descriptors

TasNetworks has not varied any row descriptors compared to those used previously.

## 5 Allocation of Revenues and Expenditures to Distribution Services

### 5.1 Revenue or Expenditure Allocated on a Causal Basis

TasNetworks is required to identify each item of revenue or expenditure that is not directly attributable and is reported on a causal allocation basis to distribution services.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation
<b>People &amp; Performance</b>	<p>The costs associated with TasNetworks' People and Performance Division (which provides HR strategy, change management, HR policies, industrial relations, recruitment, performance management systems, learning and development, HR advice and support, and payroll and timekeeping across the corporation) are allocated to TasNetworks' Distribution Business on the basis of employee numbers.</p> <p>The number of FTEs working in each division was chosen as the allocator for People and Performance costs on the basis that it reflects the amount of effort that the People and Performance Division would reasonably put into providing services to each division and the use of the relevant services by each division.</p>	\$14,521,955.39	Allocated on the basis of FTE head count

<b>Information Technology</b>	The allocation to services on the basis of applicable causal drivers including IT applications, PCs and mobile devices reflects the strong causal link between the number of TasNetworks people who use PCs and the work load and direct cost to deliver information technology to the business.	\$7,253,823.13	Allocated to departments on the basis of applicable causal drivers including IT applications, PCs and mobile devices.
<b>Facilities Management</b>	The costs of operating and managing all owned and leased sites occupied by TasNetworks employees is allocated between TasNetworks' services through ABC surveys which have an underlying basis of the drivers of costs such as staff effort, floor space occupied, location and type and nature of facility.	\$422,144.37	Allocated on the basis of ABC surveys using estimated staff effort and applicable facility drivers.
<b>Compliance and Risk</b>	The costs associated with TasNetworks' centralised compliance and risk functions (including Insurance) are shared between TasNetworks' services on the basis of ABC surveys using estimated staff effort where a line of sight exists between cost and service.	\$1,098,113.44	Allocated on the basis of ABC surveys using estimated staff effort where a line of sight exists between cost and service, with the balance allocated on weighted average
	Insurance premiums are allocated on the basis of asset values and the balance allocated on weighted average basis.	\$3,674,526.48	Insurance premiums are allocated on the basis of asset values
<b>Regulation and Revenue Reset</b>	The costs associated with regulation and revenue reset is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort.	\$8,388,548.70	Allocated on the basis of ABC surveys using estimated staff effort.
<b>Customer Engagement &amp; Network Operations Division</b>	The costs associated with (the 15 departments) Customer Engagement and network operations Division - the management of network operations, large customer and market relationships, retailer management, the Customer Contact Centre, billing enquiries and dispute resolution, and telecommunications asset, network and customer management is shared	\$24,327,976.66	Allocated on the basis of ABC surveys using estimated staff effort.

between TasNetworks' services on the basis of the ABC surveys using estimated staff effort

<b>Strategic Asset Management Division</b>	The costs associated with (the 11 departments) Strategic Asset Management Division – the management of asset strategy and planning, network analysis and planning is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort.	\$4,612,584.94	Allocated on the basis of ABC surveys using estimated staff effort.
<b>Works and Service Delivery Management Costs</b>	Works and Service Delivery Management Costs include those costs relating to the management, planning, operating and monitoring the works program. This includes a portion of non-productive time for field based employees (down time to attend meetings and undertake administrative tasks). Costs are allocated to the Distribution and then down to service category level on the basis of direct labour hours.	\$41,435,052.94	Allocated based on labour hours

## 5.2 Revenue or Expenditure Allocated other than on a Direct or Causal Basis

TasNetworks is required to identify each item of revenue or expenditure that not is directly attributable and is reported on a non-causal allocation basis.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation of why allocator was preferred	4.5.1(d) Explanation of why no causal basis could be established	4.5.1(e) Documents showing AER approval
<b>Non-causal allocation</b>	Office of the CEO and Board, Company Secretary and General Counsel, Strategy and Stakeholder	\$13,884,196.31	The costs associated with centralised management and the provision of administrative support for TasNetworks' are	While shared services costs are allocated between divisions using causal cost drivers, reflecting the generally variable nature of these costs, corporate	

relations,  
Information  
Management,  
Contracts,  
Financial  
Analysis and  
Reporting  
Group, Fleet  
Services

allocated  
between services  
on the basis of  
the weighted  
average of the  
total cost  
allocations that  
have a direct or  
causal driver.

costs are allocated  
using non-causal  
cost drivers  
because of the  
generally fixed  
nature of these  
costs, and the fact  
that they tend to  
be driven by  
corporate  
governance  
requirements  
rather than  
business activity.

The weighted  
average of the  
total cost  
allocations that  
have a causality  
driver is an  
effective non-  
causal allocator of  
corporate costs  
because it  
leverages causal  
allocators and is  
based on sound  
causal data, which  
is in turn  
underpinned by  
reliable and  
objective data  
sources.

## 6 Allocation of Revenues and Expenditures to Service Segments

### 6.1 Distribution

#### 6.1.1 Standard Control Services

##### 6.1.1.1 Revenue or Expenditure Allocated on a Causal Basis

TasNetworks is required to identify each item of revenue or expenditure that is not directly attributable and is reported on a causal allocation basis to Standard Control Services.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation
<b>People &amp; Performance</b>	<p>The costs associated with TasNetworks' People and Performance Division (which provides HR strategy, change management, HR policies, industrial relations, recruitment, performance management systems, learning and development, HR advice and support, and payroll and timekeeping across the corporation) are allocated to TasNetworks' Distribution Business on the basis of employee numbers.</p> <p>The number of FTEs working in each division was chosen as the allocator for People and Performance costs on the basis that it reflects the amount of effort that the People and Performance Division would reasonably put into providing services to each division and the use of the relevant services by each division.</p>	\$11,988,009.05	Allocated on the basis of FTE head count
<b>Information Technology</b>	<p>The allocation to services on the basis of applicable causal drivers including IT applications, PCs and mobile devices reflects the strong causal link between the number of TasNetworks people who use PCs and the work load and direct cost to deliver information technology to the business.</p>	\$6,020,646.65	Allocated to departments on the basis of applicable causal drivers including IT applications, PCs and mobile devices.
<b>Facilities Management</b>	<p>The costs of operating and managing all owned and leased sites occupied by TasNetworks employees is allocated between TasNetworks' services through ABC surveys which have an underlying basis of the drivers of costs such as staff effort, floor space occupied, location and type and nature of facility.</p>	\$314,025.45	Allocated on the basis of ABC surveys using estimated staff effort and applicable facility drivers.
<b>Compliance and Risk</b>	<p>The costs associated with TasNetworks' centralised compliance and risk functions (including Insurance) are shared between</p>	\$1,098,093.35	Allocated on the basis of ABC surveys using estimated staff effort where a line of sight

	TasNetworks' services on the basis of ABC surveys using estimated staff effort where a line of sight exists between cost and service.		exists between cost and service, with the balance allocated on weighted average
	Insurance premiums are allocated on the basis of asset values and the balance allocated on weighted average basis.	\$3,674,440.05	Insurance premiums are allocated on the basis of asset values
<b>Regulation and Revenue Reset</b>	The costs associated with regulation and revenue reset is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort.	\$8,031,434.56	Allocated on the basis of ABC surveys using estimated staff effort.
<b>Customer Engagement &amp; Network Operations Division</b>	The costs associated with (the 15 departments) Customer Engagement and network operations Division - the management of network operations, large customer and market relationships, retailer management, the Customer Contact Centre, billing enquiries and dispute resolution, and telecommunications asset, network and customer management is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort	\$20,266,396.29	Allocated on the basis of ABC surveys using estimated staff effort.
<b>Strategic Asset Management Division</b>	The costs associated with (the 11 departments) Strategic Asset Management Division – the management of asset strategy and planning, network analysis and planning is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort.	\$4,515,924.43	Allocated on the basis of ABC surveys using estimated staff effort.
<b>Works and Service Delivery Management Costs</b>	Works and Service Delivery Management Costs include those costs relating to the management, planning, operating and monitoring the works program. This includes a portion of non-productive time for field based employees (down time to attend meetings and undertake administrative tasks). Costs are	\$32,669,183.11	Allocated based on labour hours

allocated to the Distribution and then down to service category level on the basis of direct labour hours.

### 6.1.1.2 Revenue or Expenditure Allocated other than on a Direct or Causal Basis

TasNetworks is required to identify each item of revenue or expenditure that not is directly attributable and is reported on a non-causal allocation basis.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation of why allocator was preferred	4.5.1(d) Explanation of why no causal basis could be established	4.5.1(e) Documents showing AER approval
<b>Non-casual allocation</b>	Office of the CEO and Board, Company Secretary and General Counsel, Strategy and Stakeholder relations, Information Management, Contracts, Financial Analysis and Reporting Group, Fleet Services	\$10,219,705.39	The costs associated with centralised management and the provision of administrative support for TasNetworks' are allocated between services on the basis of the weighted average of the total cost allocations that have a direct or causal driver.	While shared services costs are allocated between divisions using causal cost drivers, reflecting the generally variable nature of these costs, corporate costs are allocated using non-causal cost drivers because of the generally fixed nature of these costs, and the fact that they tend to be driven by corporate governance requirements rather than business activity.  The weighted average of the total cost allocations that have a causality driver is an effective non-causal allocator of corporate costs because it	

leverages causal allocators and is based on sound causal data, which is in turn underpinned by reliable and objective data sources.

## 6.1.2 Alternative Control Metering

### 6.1.2.1 Revenue or Expenditure Allocated on a Causal Basis

TasNetworks is required to identify each item of revenue or expenditure that is not directly attributable and is reported on a causal allocation basis to Alternative Control Metering.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation
<b>People &amp; Performance</b>	<p>The costs associated with TasNetworks' People and Performance Division (which provides HR strategy, change management, HR policies, industrial relations, recruitment, performance management systems, learning and development, HR advice and support, and payroll and timekeeping across the corporation) are allocated to TasNetworks' Distribution Business on the basis of employee numbers.</p> <p>The number of FTEs working in each division was chosen as the allocator for People and Performance costs on the basis that it reflects the amount of effort that the People and Performance Division would reasonably put into providing services to each division and the use of the relevant services by each division.</p>	\$392,330.06	Allocated on the basis of FTE head count
<b>Information Technology</b>	The allocation to services on the basis of applicable causal drivers including IT applications, PCs and	\$161,580.60	Allocated to departments on the basis of applicable causal

mobile devices reflects the strong causal link between the number of TasNetworks people who use PCs and the work load and direct cost to deliver information technology to the business.

drivers including IT applications, PCs and mobile devices.

<p><b>Facilities Management</b></p>	<p>The costs of operating and managing all owned and leased sites occupied by TasNetworks employees is allocated between TasNetworks' services through ABC surveys which have an underlying basis of the drivers of costs such as staff effort, floor space occupied, location and type and nature of facility.</p>	<p>\$16,594.69</p>	<p>Allocated on the basis of ABC surveys using estimated staff effort and applicable facility drivers.</p>
<p><b>Regulation and Revenue Reset</b></p>	<p>The costs associated with regulation and revenue reset is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort.</p>	<p>\$45,092.65</p>	<p>Allocated on the basis of ABC surveys using estimated staff effort.</p>
<p><b>Customer Engagement &amp; Network Operations Division</b></p>	<p>The costs associated with (the 15 departments) Customer Engagement and network operations Division - the management of network operations, large customer and market relationships, retailer management, the Customer Contact Centre, billing enquiries and dispute resolution, and telecommunications asset, network and customer management is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort</p>	<p>\$1,172,378.58</p>	<p>Allocated on the basis of ABC surveys using estimated staff effort.</p>
<p><b>Strategic Asset Management Division</b></p>	<p>The costs associated with (the 11 departments) Strategic Asset Management Division – the management of asset strategy and planning, network analysis and planning is shared between TasNetworks' services on the</p>	<p>\$11,764.64</p>	<p>Allocated on the basis of ABC surveys using estimated staff effort.</p>

basis of the ABC surveys using estimated staff effort.

**Works and Service Delivery Management Costs**

Works and Service Delivery Management Costs include those costs relating to the management, planning, operating and monitoring the works program. This includes a portion of non-productive time for field based employees (down time to attend meetings and undertake administrative tasks). Costs are allocated to the Distribution and then down to service category level on the basis of direct labour hours.

\$862,104.76

Allocated based on labour hours

**6.1.2.2 Revenue or Expenditure Allocated other than on a Direct or Causal Basis**

TasNetworks is required to identify each item of revenue or expenditure that not is directly attributable and is reported on a non-causal allocation basis.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation of why allocator was preferred	4.5.1(d) Explanation of why no causal basis could be established	4.5.1(e) Documents showing AER approval
<b>Non-casual allocation</b>	Office of the CEO and Board, Company Secretary and General Counsel, Strategy and Stakeholder relations, Information Management, Contracts, Financial Analysis and Reporting Group, Fleet Services	\$519,281.39	The costs associated with centralised management and the provision of administrative support for TasNetworks' are allocated between services on the basis of the weighted average of the total cost allocations that have a direct or causal driver.	While shared services costs are allocated between divisions using causal cost drivers, reflecting the generally variable nature of these costs, corporate costs are allocated using non-causal cost drivers because of the generally fixed nature of these costs, and the fact that they tend to be driven by corporate governance requirements rather	

than business activity.

The weighted average of the total cost allocations that have a causality driver is an effective non-causal allocator of corporate costs because it leverages causal allocators and is based on sound causal data, which is in turn underpinned by reliable and objective data sources.

### 6.1.3 Alternative Control Fee Based Services

#### 6.1.3.1 Revenue or Expenditure Allocated on a Causal Basis

TasNetworks is required to identify each item of revenue or expenditure that is not directly attributable and is reported on a causal allocation basis to Alternative Control Fee Based Services.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation
<b>People &amp; Performance</b>	<p>The costs associated with TasNetworks' People and Performance Division (which provides HR strategy, change management, HR policies, industrial relations, recruitment, performance management systems, learning and development, HR advice and support, and payroll and timekeeping across the corporation) are allocated to TasNetworks' Distribution Business on the basis of employee numbers.</p> <p>The number of FTEs working in each division was chosen as the allocator for People and</p>	\$1,066,307.85	Allocated on the basis of FTE head count

Performance costs on the basis that it reflects the amount of effort that the People and Performance Division would reasonably put into providing services to each division and the use of the relevant services by each division.

**Information Technology**

The allocation to services on the basis of applicable causal drivers including IT applications, PCs and mobile devices reflects the strong causal link between the number of TasNetworks people who use PCs and the work load and direct cost to deliver information technology to the business.

\$436,801.86

Allocated to departments on the basis of applicable causal drivers including IT applications, PCs and mobile devices.

**Facilities Management**

The costs of operating and managing all owned and leased sites occupied by TasNetworks employees is allocated between TasNetworks' services through ABC surveys which have an underlying basis of the drivers of costs such as staff effort, floor space occupied, location and type and nature of facility.

\$44,592.26

Allocated on the basis of ABC surveys using estimated staff effort and applicable facility drivers.

**Compliance and Risk**

The costs associated with TasNetworks' centralised compliance and risk functions (including Insurance) are shared between TasNetworks' services on the basis of ABC surveys using estimated staff effort where a line of sight exists between cost and service.

\$0.91

Allocated on the basis of ABC surveys using estimated staff effort where a line of sight exists between cost and service, with the balance allocated on weighted average

Insurance premiums are allocated on the basis of asset values and the balance allocated on weighted average basis.

\$4.28

Insurance premiums are allocated on the basis of asset values

**Regulation and Revenue Reset**

The costs associated with regulation and revenue reset is shared between TasNetworks' services on the basis of the ABC

\$100,882.54

Allocated on the basis of ABC surveys using estimated staff effort.

surveys using estimated staff effort.

<b>Customer Engagement &amp; Network Operations Division</b>	<p>The costs associated with (the 15 departments) Customer Engagement and network operations Division - the management of network operations, large customer and market relationships, retailer management, the Customer Contact Centre, billing enquiries and dispute resolution, and telecommunications asset, network and customer management is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort</p>	<p>\$2,322,756.76</p>	<p>Allocated on the basis of ABC surveys using estimated staff effort.</p>
<b>Strategic Asset Management Division</b>	<p>The costs associated with (the 11 departments) Strategic Asset Management Division – the management of asset strategy and planning, network analysis and planning is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort.</p>	<p>\$16.83</p>	<p>Allocated on the basis of ABC surveys using estimated staff effort.</p>
<b>Works and Service Delivery Management Costs</b>	<p>Works and Service Delivery Management Costs include those costs relating to the management, planning, operating and monitoring the works program. This includes a portion of non-productive time for field based employees (down time to attend meetings and undertake administrative tasks). Costs are allocated to the Distribution and then down to service category level on the basis of direct labour hours.</p>	<p>\$2,377,656.13</p>	<p>Allocated based on labour hours</p>

**6.1.3.2 Revenue or Expenditure Allocated other than on a Direct or Causal Basis**

TasNetworks is required to identify each item of revenue or expenditure that is not directly attributable and is reported on a non-causal allocation basis.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation of why allocator was preferred	4.5.1(d) Explanation of why no causal basis could be established	4.5.1(e) Documents showing AER approval
<b>Non-casual allocation</b>	Office of the CEO and Board, Company Secretary and General Counsel, Strategy and Stakeholder relations, Information Management, Contracts, Financial Analysis and Reporting Group, Fleet Services	\$1,165,658.46	The costs associated with centralised management and the provision of administrative support for TasNetworks' are allocated between services on the basis of the weighted average of the total cost allocations that have a direct or causal driver.	<p>While shared services costs are allocated between divisions using causal cost drivers, reflecting the generally variable nature of these costs, corporate costs are allocated using non-causal cost drivers because of the generally fixed nature of these costs, and the fact that they tend to be driven by corporate governance requirements rather than business activity.</p> <p>The weighted average of the total cost allocations that have a causality driver is an effective non-causal allocator of corporate costs because it leverages causal allocators and is based on sound causal data, which is in turn underpinned by reliable and objective data sources.</p>	

## 6.1.4 Alternative Control Quoted Services

### 6.1.4.1 Revenue or Expenditure Allocated on a Causal Basis

TasNetworks is required to identify each item of revenue or expenditure that is not directly attributable and is reported on a causal allocation basis to Alternative Control Quoted Services.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation
<b>People &amp; Performance</b>	<p>The costs associated with TasNetworks' People and Performance Division (which provides HR strategy, change management, HR policies, industrial relations, recruitment, performance management systems, learning and development, HR advice and support, and payroll and timekeeping across the corporation) are allocated to TasNetworks' Distribution Business on the basis of employee numbers.</p> <p>The number of FTEs working in each division was chosen as the allocator for People and Performance costs on the basis that it reflects the amount of effort that the People and Performance Division would reasonably put into providing services to each division and the use of the relevant services by each division.</p>	\$897,655.76	Allocated on the basis of FTE head count
<b>Information Technology</b>	<p>The allocation to services on the basis of applicable causal drivers including IT applications, PCs and mobile devices reflects the strong causal link between the number of TasNetworks people who use PCs and the work load and direct cost to deliver information technology to the business.</p>	\$403,364.51	Allocated to departments on the basis of applicable causal drivers including IT applications, PCs and mobile devices.
<b>Facilities Management</b>	<p>The costs of operating and managing all owned and leased sites occupied by TasNetworks</p>	\$39,040.72	Allocated on the basis of ABC surveys using

employees is allocated between TasNetworks' services through ABC surveys which have an underlying basis of the drivers of costs such as staff effort, floor space occupied, location and type and nature of facility.

estimated staff effort and applicable facility drivers.

**Compliance and Risk**

The costs associated with TasNetworks' centralised compliance and risk functions (including Insurance) are shared between TasNetworks' services on the basis of ABC surveys using estimated staff effort where a line of sight exists between cost and service.

\$16.01

Allocated on the basis of ABC surveys using estimated staff effort where a line of sight exists between cost and service, with the balance allocated on weighted average

Insurance premiums are allocated on the basis of asset values and the balance allocated on weighted average basis.

\$73.91

Insurance premiums are allocated on the basis of asset values

**Regulation and Revenue Reset**

The costs associated with regulation and revenue reset is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort.

\$167,661.57

Allocated on the basis of ABC surveys using estimated staff effort.

**Customer Engagement & Network Operations Division**

The costs associated with (the 15 departments) Customer Engagement and network operations Division - the management of network operations, large customer and market relationships, retailer management, the Customer Contact Centre, billing enquiries and dispute resolution, and telecommunications asset, network and customer management is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort

\$247,610.14

Allocated on the basis of ABC surveys using estimated staff effort.

<b>Strategic Asset Management Division</b>	The costs associated with (the 11 departments) Strategic Asset Management Division – the management of asset strategy and planning, network analysis and planning is shared between TasNetworks’ services on the basis of the ABC surveys using estimated staff effort.	\$76,676.18	Allocated on the basis of ABC surveys using estimated staff effort.
--	---	-------------	---

<b>Works and Service Delivery Management Costs</b>	Works and Service Delivery Management Costs include those costs relating to the management, planning, operating and monitoring the works program. This includes a portion of non-productive time for field based employees (down time to attend meetings and undertake administrative tasks). Costs are allocated to the Distribution and then down to service category level on the basis of direct labour hours.	\$4,408,73.75	Allocated based on labour hours
--	--	---------------	---------------------------------

#### 6.1.4.2 Revenue or Expenditure Allocated other than on a Direct or Causal Basis

TasNetworks is required to identify each item of revenue or expenditure that is not directly attributable and is reported on a non-causal allocation basis.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation of why allocator was preferred	4.5.1(d) Explanation of why no causal basis could be established	4.5.1(e) Documents showing AER approval
<b>Non-casual allocation</b>	Office of the CEO and Board, Company Secretary and General Counsel, Strategy and Stakeholder relations, Information Management, Contracts,	\$1,871,892.05	The costs associated with centralised management and the provision of administrative support for TasNetworks’ are allocated between services on the basis of the weighted average of the	While shared services costs are allocated between divisions using causal cost drivers, reflecting the generally variable nature of these costs, corporate costs are allocated using non-causal cost drivers because of the	

Financial  
Analysis and  
Reporting  
Group, Fleet  
Services

total cost  
allocations that  
have a direct or  
causal driver.

generally fixed  
nature of these  
costs, and the fact  
that they tend to  
be driven by  
corporate  
governance  
requirements  
rather than  
business activity.

The weighted  
average of the  
total cost  
allocations that  
have a causality  
driver is an  
effective non-  
causal allocator of  
corporate costs  
because it  
leverages causal  
allocators and is  
based on sound  
causal data, which  
is in turn  
underpinned by  
reliable and  
objective data  
sources.

## 6.1.5 Alternative Control Public Lighting Services

### 6.1.5.1 Revenue or Expenditure Allocated on a Causal Basis

TasNetworks is required to identify each item of revenue or expenditure that is not directly attributable and is reported on a causal allocation basis to Alternative Control Public Lighting Services.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation
<b>People &amp; Performance</b>	The costs associated with TasNetworks' People and Performance Division (which provides HR strategy, change management, HR policies, industrial relations, recruitment, performance management systems, learning and development, HR advice and support, and payroll and	\$177,652.68	Allocated on the basis of FTE head count

timekeeping across the corporation) are allocated to TasNetworks' Distribution Business on the basis of employee numbers.

The number of FTEs working in each division was chosen as the allocator for People and Performance costs on the basis that it reflects the amount of effort that the People and Performance Division would reasonably put into providing services to each division and the use of the relevant services by each division.

**Information Technology**

The allocation to services on the basis of applicable causal drivers including IT applications, PCs and mobile devices reflects the strong causal link between the number of TasNetworks people who use PCs and the work load and direct cost to deliver information technology to the business.

\$231,429.50

Allocated to departments on the basis of applicable causal drivers including IT applications, PCs and mobile devices.

**Facilities Management**

The costs of operating and managing all owned and leased sites occupied by TasNetworks employees is allocated between TasNetworks' services through ABC surveys which have an underlying basis of the drivers of costs such as staff effort, floor space occupied, location and type and nature of facility.

\$7,891.25

Allocated on the basis of ABC surveys using estimated staff effort and applicable facility drivers.

**Compliance and Risk**

The costs associated with TasNetworks' centralised compliance and risk functions (including Insurance) are shared between TasNetworks' services on the basis of ABC surveys using estimated staff effort where a line of sight exists between cost and service.

\$3.17

Allocated on the basis of ABC surveys using estimated staff effort where a line of sight exists between cost and service, with the balance allocated on weighted average

	Insurance premiums are allocated on the basis of asset values and the balance allocated on weighted average basis.	\$8.24	Insurance premiums are allocated on the basis of asset values
<b>Regulation and Revenue Reset</b>	The costs associated with regulation and revenue reset is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort.	\$43,477.38	Allocated on the basis of ABC surveys using estimated staff effort.
<b>Customer Engagement &amp; Network Operations Division</b>	The costs associated with (the 15 departments) Customer Engagement and network operations Division - the management of network operations, large customer and market relationships, retailer management, the Customer Contact Centre, billing enquiries and dispute resolution, and telecommunications asset, network and customer management is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort	\$318,834.88	Allocated on the basis of ABC surveys using estimated staff effort.
<b>Strategic Asset Management Division</b>	The costs associated with (the 11 departments) Strategic Asset Management Division – the management of asset strategy and planning, network analysis and planning is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort.	\$8,202.86	Allocated on the basis of ABC surveys using estimated staff effort.
<b>Works and Service Delivery Management Costs</b>	Works and Service Delivery Management Costs include those costs relating to the management, planning, operating and monitoring the works program. This includes a portion of non-productive time for field based employees (down time to attend meetings and undertake administrative tasks). Costs are	\$1,117,235.18	Allocated based on labour hours

allocated to the Distribution and then down to service category level on the basis of direct labour hours.

### 6.1.5.2 Revenue or Expenditure Allocated other than on a Direct or Causal Basis

TasNetworks is required to identify each item of revenue or expenditure that is not directly attributable and is reported on a non-causal allocation basis.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation of why allocator was preferred	4.5.1(d) Explanation of why no causal basis could be established	4.5.1(e) Documents showing AER approval
<b>Non-casual allocation</b>	Office of the CEO and Board, Company Secretary and General Counsel, Strategy and Stakeholder relations, Information Management, Contracts, Financial Analysis and Reporting Group, Fleet Services	\$107,659.02	The costs associated with centralised management and the provision of administrative support for TasNetworks' are allocated between services on the basis of the weighted average of the total cost allocations that have a direct or causal driver.	While shared services costs are allocated between divisions using causal cost drivers, reflecting the generally variable nature of these costs, corporate costs are allocated using non-causal cost drivers because of the generally fixed nature of these costs, and the fact that they tend to be driven by corporate governance requirements rather than business activity.  The weighted average of the total cost allocations that have a causality driver is an effective non-causal allocator of corporate costs because it leverages causal allocators	

and is based on sound causal data, which is in turn underpinned by reliable and objective data sources.

## 6.2 Transmission

### 6.2.1 Revenue or Expenditure Reported on a Causal Allocation Basis

TasNetworks is required to identify each item of revenue or expenditure that is not directly attributable and is reported on a causal allocation basis to prescribed services.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation
<b>People &amp; Performance</b>	<p>The costs associated with TasNetworks' People and Performance Division (which provides HR strategy, change management, HR policies, industrial relations, recruitment, performance management systems, learning and development, HR advice and support, and payroll and timekeeping across the corporation) are allocated to TasNetworks' Distribution Business on the basis of employee numbers.</p> <p>The number of FTEs working in each division was chosen as the allocator for People and Performance costs on the basis that it reflects the amount of effort that the People and Performance Division would reasonably put into providing services to each division and the use of the relevant services by each division.</p>	\$5,260,528.70	Allocated on the basis of FTE head count
<b>Information Technology</b>	The allocation to services on the basis of applicable causal drivers including IT applications, PCs and mobile devices reflects the strong	\$2,159,264.20	Allocated to departments on the basis of applicable causal drivers including IT

causal link between the number of TasNetworks people who use PCs and the work load and direct cost to deliver information technology to the business.

applications, PCs and mobile devices.

<p><b>Facilities Management</b></p>	<p>The costs of operating and managing all owned and leased sites occupied by TasNetworks employees is allocated between TasNetworks' services through ABC surveys which have an underlying basis of the drivers of costs such as staff effort, floor space occupied, location and type and nature of facility.</p>	<p>\$143,807.33</p>	<p>Allocated on the basis of ABC surveys using estimated staff effort and applicable facility drivers.</p>
<p><b>Compliance and Risk</b></p>	<p>The costs associated with TasNetworks' centralised compliance and risk functions (including Insurance) are shared between TasNetworks' services on the basis of ABC surveys using estimated staff effort where a line of sight exists between cost and service.</p>	<p>\$779,158.12</p>	<p>Allocated on the basis of ABC surveys using estimated staff effort where a line of sight exists between cost and service, with the balance allocated on weighted average</p>
	<p>Insurance premiums are allocated on the basis of asset values and the balance allocated on weighted average basis.</p>	<p>\$2,607,222.99</p>	<p>Insurance premiums are allocated on the basis of asset values</p>
<p><b>Regulation and Revenue Reset</b></p>	<p>The costs associated with regulation and revenue reset is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort.</p>	<p>\$6,111,860.33</p>	<p>Allocated on the basis of ABC surveys using estimated staff effort.</p>
<p><b>Customer Engagement &amp; Network Operations Division</b></p>	<p>The costs associated with (the 15 departments) Customer Engagement and network operations Division - the management of network operations, large customer and market relationships, retailer management, the Customer Contact Centre, billing enquiries and dispute resolution, and</p>	<p>\$5,721,214.26</p>	<p>Allocated on the basis of ABC surveys using estimated staff effort.</p>

telecommunications asset, network and customer management is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort

<b>Strategic Asset Management Division</b>	The costs associated with (the 11 departments) Strategic Asset Management Division – the management of asset strategy and planning, network analysis and planning is shared between TasNetworks' services on the basis of the ABC surveys using estimated staff effort.	\$3,248,984.74	Allocated on the basis of ABC surveys using estimated staff effort.
--	---	----------------	---

<b>Works and Service Delivery Management Costs</b>	Works and Service Delivery Management Costs include those costs relating to the management, planning, operating and monitoring the works program. This includes a portion of non-productive time for field based employees (down time to attend meetings and undertake administrative tasks). Costs are allocated to the Distribution and then down to service category level on the basis of direct labour hours.	\$9,519,392.05	Allocated based on labour hours
--	--	----------------	---------------------------------

### 6.3 Revenue or Expenditure Allocated other than on a Direct or Causal Basis

TasNetworks is required to identify each item of revenue or expenditure that is not directly attributable and is reported on a non-causal allocation basis.

Cost Item	4.5.1(a) Description	4.5.1(b) Amount	4.5.1(c) Explanation of why allocator was preferred	4.5.1(d) Explanation of why no causal basis could be established	4.5.1(e) Documents showing AER approval
<b>Non-casual allocation</b>	Office of the CEO and Board, Company	\$3,380,494.13	The costs associated with centralised management	While shared services costs are allocated between divisions using	

Secretary and  
General  
Counsel,  
Strategy and  
Stakeholder  
relations,  
Information  
Management,  
Contracts,  
Financial  
Analysis and  
Reporting  
Group, Fleet  
Services

and the provision  
of administrative  
support for  
TasNetworks' are  
allocated  
between services  
on the basis of  
the weighted  
average of the  
total cost  
allocations that  
have a direct or  
causal driver.

causal cost drivers,  
reflecting the  
generally variable  
nature of these  
costs, corporate  
costs are allocated  
using non-causal  
cost drivers  
because of the  
generally fixed  
nature of these  
costs, and the fact  
that they tend to be  
driven by corporate  
governance  
requirements  
rather than  
business activity.

The weighted  
average of the total  
cost allocations  
that have a  
causality driver is  
an effective non-  
causal allocator of  
corporate costs  
because it  
leverages causal  
allocators and is  
based on sound  
causal data, which  
is in turn  
underpinned by  
reliable and  
objective data  
sources.

# 7 Material Differences

## 7.1 Distribution

### 7.1.1 Differences between STPIS Targets and Actual Performance

Supply reliability category	Reliability Index	Target	Actual (FY 2024-25)	Variance	Explanation
TAS - Critical Infrastructure	SAIFI	0.0695	0.0871	25%	<ul style="list-style-type: none"> <li>SAIFI Main causes: Asset failure and Third party</li> <li>SAIDI Main causes: Asset failure</li> </ul> Note: The SAIDI increase was driven by an underground cable fault.
	SAIDI	5.9481	23.0438	287%	
TAS - High density commercial	SAIFI	0.3766	0.4150	10%	<ul style="list-style-type: none"> <li>SAIFI Main causes: Asset failure and Unknown</li> </ul>
	SAIDI	38.0115	39.2176	3%	
TAS - Urban and Regional Centres	SAIFI	1.0154	0.9583	-6%	<ul style="list-style-type: none"> <li>NA</li> </ul>
	SAIDI	92.1184	92.9217	1%	
TAS - High density rural	SAIFI	2.1706	2.3972	10%	<ul style="list-style-type: none"> <li>SAIFI Main causes: Asset failure and Unknown</li> </ul>
	SAIDI	244.0608	260.8387	7%	
TAS - Lower density rural	SAIFI	2.9475	2.9447	-0.1%	<ul style="list-style-type: none"> <li>SAIDI Main causes: Asset failure, Vegetation and Unknown</li> </ul>
	SAIDI	398.8985	465.4021	17%	

### 7.1.2 Differences between Forecast and Actual Operating Expenditure

Item	Forecast \$'000 nominal	Actual \$'000 nominal	Variance	Explanatory information
<i>Routine NW Maint OH Network and Structures</i>	9,888	12,699	2,811	<ul style="list-style-type: none"> <li>Budget is managed within total routine maintenance expenditure. Total routine maintenance variance excluding vegetation management is less than 10%.</li> </ul>

Item	Forecast \$'000 nominal	Actual \$'000 nominal	Variance	Explanatory information
<i>Routine NW Maint Underground Systems</i>	135	163	28	<ul style="list-style-type: none"> <li>Budget is managed within total routine maintenance expenditure. Total routine maintenance variance excluding vegetation management is less than 10%.</li> </ul>
<i>Routine NW Maint Ground Mounted Substations</i>	1,023	1,110	87	<ul style="list-style-type: none"> <li>Variance less than 10%</li> </ul>
<i>Routine NW Maint Zone Substations</i>	3,182	2,384	-797	<ul style="list-style-type: none"> <li>Budget is managed within total routine maintenance expenditure. Total routine maintenance variance excluding vegetation management is less than 10%.</li> </ul>
<i>Other network asset maintenance - routine costs</i>	-	-	-	<ul style="list-style-type: none"> <li>No expenditure against category</li> </ul>
<i>Routine Non-NW Maint Vegetation Mgt</i>	31,194	42,550	11,355	<ul style="list-style-type: none"> <li>Increased Spend to effectively manage Vegetation. Increased Budget allocation was directed to Vegetation Management to cover greater scope of work during the financial year</li> </ul>
<i>Routine Non-NW Maint Connection Asset Repair</i>	2,018	925	-1,092	<ul style="list-style-type: none"> <li>Budget is managed within total routine maintenance expenditure. Total routine maintenance variance excluding vegetation management is less than 10%.</li> </ul>
<i>Other non network asset maintenance - routine costs</i>	-	-	-	<ul style="list-style-type: none"> <li>No expenditure against category</li> </ul>
<i>Routine NW Maint Other</i>	2,052	1,909	-142	<ul style="list-style-type: none"> <li>Variance less than 10%</li> </ul>
<i>Non-routine NW Maint OH Network and Structures</i>	2,940	2,643	-297	<ul style="list-style-type: none"> <li>Costs related to non-routine work as driven by network need and may vary on a yearly basis from forecasts.</li> </ul>
<i>Non-routine NW Maint Underground Systems</i>	1,125	591	-533	<ul style="list-style-type: none"> <li>Costs related to non-routine work as driven by network need and may vary on a yearly basis from forecasts.</li> </ul>
<i>Non-routine NW Maint Ground Mounted Substations</i>	850	1,276	426	<ul style="list-style-type: none"> <li>Costs related to non-routine work as driven by network need and may vary on a yearly basis from forecasts.</li> </ul>

Item	Forecast \$'000 nominal	Actual \$'000 nominal	Variance	Explanatory information
<i>Non-routine NW Maint Zone Substations</i>	177.01	138	-38	<ul style="list-style-type: none"> <li>Costs related to non-routine work as driven by network need and may vary on a yearly basis from forecasts.</li> </ul>
<i>Non-routine NW Maint Decommissioned Assets</i>	402	138	-264	<ul style="list-style-type: none"> <li>Costs related to non-routine work as driven by network need and may vary on a yearly basis from forecasts.</li> </ul>
<i>Non-routine Non-NW Maint Connection Asset Repair</i>	144	168	23	<ul style="list-style-type: none"> <li>Costs related to non-routine work as driven by network need and may vary on a yearly basis from forecasts.</li> </ul>
<i>Non-routine NW Maint Other</i>	1,876	909	-966	<ul style="list-style-type: none"> <li>Costs related to non-routine work as driven by network need and may vary on a yearly basis from forecasts.</li> </ul>
<i>Non-routine Non-NW Maint Emg &amp; Unsch Pwr Sys</i>	34,649	42,905	8,256	<ul style="list-style-type: none"> <li>TasNetworks encountered a major storm event in 2024-25 and incurred additional opex costs as a result leading to overall increased spending.</li> </ul>
<i>Non-routine Non-NW Maint Ele Safety &amp; Inst Inspect</i>	298	1,194	896	<ul style="list-style-type: none"> <li>Costs related to non-routine work as driven by network need and may vary on a yearly basis from forecasts.</li> </ul>
<i>Non-routine Non-NW Maint Vegetation Mgt</i>	201	213.	11	<ul style="list-style-type: none"> <li>Variance less than 10%</li> </ul>
<i>SCADA &amp; Network Control Opex</i>	450	3,833	3,382	<ul style="list-style-type: none"> <li>Costs are consistent with more recent expenditure 2023-24 compared to costs in base opex utilised for AER determination.</li> </ul>
<i>Network Management</i>	3,407	1,088	-2,319	<ul style="list-style-type: none"> <li>Variable costs are contained within this category that are difficult to forecast and are beyond the control of TasNetworks.</li> </ul>
<i>Operating Costs Other</i>	802	437	-365	<ul style="list-style-type: none"> <li>Costs are consistent with more recent expenditure 2023-24 compared to costs in base opex utilised for AER determination.</li> </ul>
<i>GSL Payments</i>	4,218	11,923	7,704	<ul style="list-style-type: none"> <li>GSL payments are primarily driven by unexpected outages on the network. In 2024-25 TasNetworks was subjected to a significant outage because of a storm event.</li> </ul>

Item	Forecast \$'000 nominal	Actual \$'000 nominal	Variance	Explanatory information
<i>Electrical Safety Levy</i>	5,413	6,088	674	<ul style="list-style-type: none"> <li>Variance less than 10%</li> </ul>
<i>Regulatory Obligations or Requirements Opex</i>	1,630	1,948	317	<ul style="list-style-type: none"> <li>Variance less than 10%</li> </ul>
<i>Demand Management Incentive Scheme</i>	41	0.00	-41	<ul style="list-style-type: none"> <li>These costs are project driven and will vary on a year on year basis.</li> </ul>
<i>Debt Raising Costs</i>	1,148	-	-1,148	<ul style="list-style-type: none"> <li>TasNetworks as a GBE can only borrow from it's state approved lenders. While TasNetworks does incur debt raising costs these are incorporated into TasNetworks borrowing rate and are not separately disclosed.</li> </ul>

### 7.1.3 Differences between Forecast and Actual Capital Expenditure

Item	Forecast \$'000 nominal	Actual \$'000 nominal	Variance	Explanatory information
Customer Initiated	35,530.87	23,786.79	-11,744.09	<ul style="list-style-type: none"> <li>Customer Initiated Works are variable in nature driven by factors outside of TasNetworks control.</li> </ul>
Reinforcement	4,828.87	2,063.09	-2,765.79	<ul style="list-style-type: none"> <li>Expenditure is managed within AER overall allowance but will vary from forecasts used in the determination.</li> </ul>
Reliability & Quality Maintained	53,269.37	64,655.51	11,386.14	<ul style="list-style-type: none"> <li>Expenditure is managed within AER overall allowance but will vary from forecasts used in the determination.</li> </ul>
Regulatory obligations or requirements	1,512.83	7,548.15	6,035.32	<ul style="list-style-type: none"> <li>Expenditure is managed within AER overall allowance but will vary from forecasts used in the determination.</li> </ul>
SCADA & Network Control	2,371.87	4,075.58	1,703.71	<ul style="list-style-type: none"> <li>Expenditure is managed within AER overall allowance but will vary from forecasts used in the determination.</li> </ul>

Item	Forecast \$'000 nominal	Actual \$'000 nominal	Variance	Explanatory information
IT & Communications	30,994.12	19,967.50	-11,026.62	<ul style="list-style-type: none"> <li>Primarily driven by reduction in scope of Market Systems upgrade submitted for TasNetworks Determination.</li> </ul>
Motor Vehicle	5,309.98	3,720.91	-1,589.07	<ul style="list-style-type: none"> <li>TasNetworks manages its fleet based on requirements. Forecast was based on estimated replacements required in particular years. This in practice will vary based on actual need and utilisation of the existing fleet.</li> </ul>
Property	2,533.41	3,108.99	575.58	<ul style="list-style-type: none"> <li>Predominantly driven by upgrades to a regional depot with actual cost being higher than forecast during determination.</li> </ul>
Plant & Equipment	0	67.60	67.60	<ul style="list-style-type: none"> <li>Plant and equipment expenditure at TasNetworks determination was contained in the fleet allowance. For the purpose of RIO's this expenditure is split out.</li> </ul>
Other Capex	0	3,867.42	3,867.42	<ul style="list-style-type: none"> <li>This is made up of Asset Management Systems that were not forecast in the proposal expenditure.</li> </ul>

## 7.1.4 Explanation of Differences

The tables in section 7.1.1, 7.1.2 and 7.1.3 include explanations for each difference.

## 7.2 Transmission

### 7.2.1 STPIS Differences & Actuals

Supply reliability category	Target	Actual (CY 2024)	Variance	Explanation
Unplanned outage circuit event rate (%)				
Transmission line – fault	15.95	16.82	5%	<ul style="list-style-type: none"> <li>NA</li> </ul>
Transformer – fault	6.20	6.31	2%	<ul style="list-style-type: none"> <li>NA</li> </ul>
Reactive plant - fault	13.85	23.08	67%	<ul style="list-style-type: none"> <li>There were 3 Reactive plant - fault events.</li> <li>Main cause: Equipment.</li> </ul>
Transmission line – forced	17.84	21.50	21%	<ul style="list-style-type: none"> <li>There were 23 Transmission line - forced events.</li> <li>Main cause: Equipment.</li> </ul>

Supply reliability category	Target	Actual (CY 2024)	Variance	Explanation
Transformer – forced	6.54	9.01	38%	<ul style="list-style-type: none"> <li>There were 10 Transformer - forced events.</li> <li>Main cause: Equipment.</li> </ul>
Reactive plant - forced	20.00	23.08	15%	<ul style="list-style-type: none"> <li>There were 3 Reactive plant - forced events.</li> <li>Main cause: Equipment.</li> </ul>
<b>Loss of supply events frequency</b>				
No. of events > 0.10 system minutes	4	3	-25%	<ul style="list-style-type: none"> <li>There were 3 LoS events &gt;0.10 system minutes.</li> <li>Main causes: Equipment, First party and Environmental.</li> </ul>
No. of events > 1.00 system minutes	1	1	0%	<ul style="list-style-type: none"> <li>NA</li> </ul>
<b>Average outage duration</b>				
Average outage duration	129.50	59.33	-54%	<ul style="list-style-type: none"> <li>There were a total of 9 LoS events, resulting in an average outage duration of 59.33 minutes.</li> <li>Main causes: Equipment, Environmental, First party and Vegetation.</li> </ul>
<b>Proper operation of equipment</b>				
Failure of protection system	4	3	-25%	<ul style="list-style-type: none"> <li>There were 3 'Failure of protection system' events.</li> </ul>
Material failure of SCADA	1	0	-100%	<ul style="list-style-type: none"> <li>There were no 'Material failure of SCADA' events.</li> </ul>
Incorrect operational isolation of primary or secondary equipment	2	2	0%	<ul style="list-style-type: none"> <li>NA</li> </ul>

## 7.2.2 Differences in Operating Expenditure

Item	Forecast \$'000 nominal	Actual \$'000 nominal	Variance	Explanatory information
Field operations and maintenance	16,788.71	15,206.69	-1,583.03	<ul style="list-style-type: none"> <li>Variance less than 10%</li> </ul>
Maintenance Support	2486.14	2,474.38	-11.75	<ul style="list-style-type: none"> <li>Variance less than 10%</li> </ul>

Item	Forecast \$'000 nominal	Actual \$'000 nominal	Variance	Explanatory information
Network Monitoring & Control	1,986.48	1,246.38	-740.10	<ul style="list-style-type: none"> <li>Expenditure is managed within AER overall allowance but will vary from historical data used to allocate allowance as per the determination.</li> </ul>
Asset Management Support	4,072.32	2,295.00	-1,777.31	<ul style="list-style-type: none"> <li>Expenditure is managed within AER overall allowance but will vary from historical data used to allocate allowance as per the determination.</li> </ul>
Corporate	15,694.20	20,056.24	4,361.60	<ul style="list-style-type: none"> <li>Expenditure is managed within AER overall allowance but will vary from historical data used to allocate allowance as per the determination.</li> </ul>

### 7.2.3 Differences in Capital Expenditure

Item	Forecast \$'000 nominal	Actual \$'000 nominal	Variance	Explanatory information
<i>Replacement</i>	32,196.09	34,635.75	619.99	<ul style="list-style-type: none"> <li>Variance less than 10%</li> </ul>
<i>Connections</i>	-	-	-	<ul style="list-style-type: none"> <li></li> </ul>
<i>Augmentation</i>	65,820.95	31,604.02	-34,177.81	<ul style="list-style-type: none"> <li>Driven by movements in the timing of expenditure for the North West Transmission Development.</li> </ul>
<i>ICT</i>	5,730.45	5,292.34	-438.11	<ul style="list-style-type: none"> <li>Variance less than 10%</li> </ul>
<i>Property</i>	619.32	1,256.90	637.58	<ul style="list-style-type: none"> <li>TasNetworks manages its non-network expenditure based on yearly need. Projects will move based on required business</li> </ul>
<i>Fleet</i>	1,298.10	1,504.29	206.19	<ul style="list-style-type: none"> <li>TasNetworks manages its non-network expenditure based on yearly need. Projects will move based on required business</li> </ul>

Item	Forecast \$'000 nominal	Actual \$'000 nominal	Variance	Explanatory information
<i>Other Non-network</i>	541.22	27.33	-513.89	<ul style="list-style-type: none"> <li>TasNetworks manages its non-network expenditure based on yearly need. Projects will move based on required business</li> </ul>
<i>Capitalised network overheads</i>	21,257.63	7,621.30	-13,636.33	<ul style="list-style-type: none"> <li>Overheads are allocated in accordance with TasNetworks CAM.</li> </ul>
<i>Capitalised corporate overheads</i>	21,257.63	5,239.07	-16,018.56	<ul style="list-style-type: none"> <li>Overheads are allocated in accordance with TasNetworks CAM.</li> </ul>

## 7.2.4 Explanation of Differences

The tables in section 7.2.1, 7.2.2 and 7.2.3 include explanations for each difference.

# 8 Service Performance Information

## 8.1 Primary Drivers of Service Performance

The primary drivers of service performance in the relevant calendar year are an increase in fault and forced events for lines, transformers and reactive plants compared to last year. See Transmission Section 7.2.1 for the main causes.

### 8.1.1 S-Factor & Financial Incentive

#### 8.1.1.1 Service Standards Factor (S-Factor)

The below table shows TasNetworks' proposed s-factor before and after any proposed exclusions.

Transmission STPIS Component		Before exclusions	After exclusions
		S-Factor (%)	S-Factor (%)
Service	(Jan – Jun)	0.39	0.48
	(Jul – Dec)	-0.41	0.07
Market Impact	(Jan – Jun)	-0.20	-0.06
	(Jul – Dec)	-1.00	0.23

### 8.1.1.2 Financial Incentive

TasNetworks' financial incentive before exclusions was \$1,083,790. After exclusions, the financial incentive was \$2,657,246.

## 8.2 STPIS Parameters

TasNetworks applies the AER's STPIS parameters.

# 9 Third Party Benefit Transactions

TasNetworks does not engage in any transaction that requires disclosure as a Third Party Benefit Transaction.

# 10 Compliance

## 10.1 Classification of Distribution Services

The following is an explanation of the procedures and processes used by TasNetworks to ensure that its distribution services have been classified as set out by the AER in the current Distribution Determination.

### Cost capture and financial management systems

TasNetworks' chart of accounts and costing systems have been established so that both operating expenditure and capital expenditure can be separately accounted for and reported in accordance with TasNetworks' AER approved CAM and regulatory reporting requirements.

In accordance with the AER Guidelines and the Rules provisions, TasNetworks commits to the CAM. TasNetworks' principles, processes and policies all support compliance with the CAM. This includes the processes of attributing costs directly and of allocating shared costs to categories of service.

TasNetworks' cost allocation principles and policies consider the direct allocation of costs to:

- Prescribed transmission services
- Negotiated transmission services
- Non-regulated transmission services
- Standard control distribution services
- Alternative control distribution services
- Negotiated distribution services
- Unregulated or unclassified services

Costs that are not directly allocated to one particular service type (e.g. most corporate overheads) are subject to a shared allocation of costs between the following:

- Prescribed transmission services
- Negotiated transmission services
- Non-regulated transmission services

- Standard control distribution services
- Alternative control distribution services
- Negotiated distribution services
- Unregulated or unclassified services

The chart of accounts structure enables costs to be attributed directly to the categories of services provided by TasNetworks or automatically allocates costs between them.

When costs are incurred, they are allocated to the following chart of account dimensions in the financial systems:

- responsibility centre/department/cost centre - defined as the area in the business that is responsible for the work performed;
- functional area - defined as the nature of the work being performed and is also used to identify between capital and operating expenditure as well as the type of work and associated service classification (work category); and
- cost element/General Ledger code - defined as the nature of the costs incurred such as labour or contracted services.

The above dimensions form the basis of the cost hierarchy. Each dimension is assigned to a service classification. By establishing a clear relationship between dimensions and the categories of services, the financial systems ensure that costs are correctly attributed to the relevant service.

TasNetworks has 3 main types of costs:

- directly allocated or attributable costs (such as timesheet labour, materials, fleet or direct coding to cost number or via journal such as licences fees, invoices for contracted services etc.);
- on costs for labour, materials and fleet; and
- shared costs (allocated on the basis of causal cost allocators).

### **Registration of project cost numbers and approval process**

Projects are required to be approved in accordance with TasNetworks gated investment framework. The gated investment governance framework (framework) is TasNetworks' governing document for the management and control of capital and operational investments. The framework ensures that TasNetworks expenditure program is managed to ensure the most effective and efficient use of capital and operating funds it has available. The framework forms part of TasNetworks' broader governance framework for the management of business risks. Expenditure must be approved in line with the approved delegations framework.

### **Reporting and monitoring of costs**

Finance distributes monthly reports to management and the Board, outlining the costs incurred against each service classification (work category). An analytical review of the costs is undertaken and any anomalies are investigated (e.g. if any incorrect allocations of costs are identified).

TasNetworks has established a governance committee which consists of senior management from across the business. The gated investment governance process framework is TasNetworks' governing procedure for the management and control of capital and operational expenditure. The committee meets monthly to provide commercial oversight of expenditure on TasNetworks' program of work, and monitor spending in accordance with the AER's service classifications. It provides a forum to discuss future and current commercial and technical aspects of the business' investment decisions.

## Rolling expenditure reforecast

TasNetworks undertakes an ongoing review of expenditure incurred against each service classification as part its rolling forecast process. The purpose of this process is to re-forecast the expected end of financial year expenditure. This process engages stakeholders across the business and provides an opportunity for detailed review and interrogation of the expenditure. This process provides comfort that costs are being captured in the financial systems and reported against service classifications as appropriate.

## Cost allocation methodology

TasNetworks ensures compliance with the AER approved CAM, which sets out the methodology for allocating overheads to the different service classification types as determined by the AER. For each different overhead cost allocation pool the process undertaken to ensure allocation of overheads is in accordance with the CAM.

A final review was undertaken at the end of the current reporting period to ensure that the allocation of costs to each service classification was in accordance with the AER approved CAM.

## 10.2 Application of Negotiated Distribution Service Criteria

As part of its response to the Annual RIO for the current reporting period, TasNetworks is required to document the procedures and processes used to ensure that the negotiated distribution service criteria, as set out in the AER's current Distribution Determination, have been applied when determining prices for negotiated distribution services.

During the current Regulatory Control Period, TasNetworks has no negotiated distribution services.

## 10.3 Identification of Negative Change Events

TasNetworks' annual revenue cap sets the amount of revenue we can collect from our customers in relation to the provision of regulated network services. The revenue cap for each regulatory year may include a pass through for the unforeseen costs or savings that arise from the occurrence of certain change events that have previously been defined as pass through events by the AER. The Rules require TasNetworks to submit written notification to the AER of a negative change event within 90 business days of becoming aware of the occurrence of such an event.

There were no negative change events in the current reporting period.

# 11 Demand Management Incentive Scheme

## 11.1 Introduction

This section has been prepared to satisfy the requirement for TasNetworks to submit a Demand Management Incentive Scheme (DMIS) Compliance Report to the Australian Energy Regulator (AER) in accordance with Section 2.4 of the AER's Demand Management Incentive Scheme for electricity distribution network service providers 2017. TasNetworks, as part of the AER's "TasNetworks Transmission and Distribution Determination, 2019 to 2024" has accepted the new changes proposed for DMIS.

The DMIS objective is to provide distributors with an incentive to undertake efficient expenditure on relevant non-network options relating to demand management (the scheme objective).

The annual report must include two parts—Part A and Part B. Part A includes information on **committed projects** and Part B contains information on projects that TasNetworks has identified as **eligible projects**.

### **TasNetworks is required to report on:**

For each committed project:

- The volume of demand management delivered,
- An estimate of the realised benefits, and
- The total incentive to be claimed.

For each **eligible project** identified as a preferred option:

- The present value of costs and benefits,
- A description of responses to the **request for demand management solutions**
  - Description of proposal,
  - Proposed costs and deliverables,
  - For a potential credible solution, an estimate of the project's net benefit.
- If the project is to proceed as a committed project, whether the project will occur via a demand management contract or via a demand management proposal.
- The expected costs of delivering the demand management solution.
- The kVA per year of network demand able to be called upon, influenced, dispatched or controlled.
  - Any projects where a decision has been made to defer or not proceed with an eligible project that previously (either in that regulatory year or a previous regulatory year) was to proceed as a committed project, and
  - Any projects where a decision has been made to proceed with a network option to meet an identified need that previously was to proceed as a committed project.

This submission lists all DMIS projects undertaken by TasNetworks during the 2024-2025 financial year.

## **11.2 Reporting**

### **11.2.1 DMIS Projects in 2024-2025**

11.2.1.1.1 There were no committed demand management projects in the 2024 – 2025 financial year.

### **11.2.2 Compliance with DMIS**

This report has been written in accordance with Section 2.4 of the AER Demand Management Incentive Scheme (December 2017).

### **11.2.3 Demand management project selection criteria**

To determine the validity of a project for DMIS use a NPV based assessment is used to determine whether a demand management solution can reduce demand and/or defer network investment as part of its network planning processes. This allows all relevant costs and benefits for both preferred network solutions as well as various demand management deferral options to be quantitatively assessed.

For the network options these costs and benefits include:

- The expected capital costs of the preferred network option;
- The expected benefits of implementing the preferred network solution which include associated costs with:
- Avoided supply interruptions to customers (unserved energy);
- Avoided maintenance of aged network assets;
- Avoided environmental impact; and
- Avoided safety risk.

For the various demand management deferral options these cost and benefits include:

- The time-value-of-money benefit associated with deferring the network option;
- The avoided unserved energy for a given quantum of demand reductions;
- The expected costs of delivering demand reductions; and
- An options value benefit.

Based on the NPV assessment, a demand management project is considered feasible if the expected available budget exceeds the expected cost of delivering the demand management project.

#### **11.2.4 PART A – Committed projects**

11.2.4.1.1 There were zero (0) committed demand management projects in the 2024 – 2025 financial year.

#### **11.2.5 PART B – Eligible projects**

11.2.5.1.1 There were no committed demand management projects in the 2024 – 2025 financial year.

#### **11.2.6 Demand Management Projects that have changed**

11.2.6.1.1 There were no changed demand management projects in the 2024-2025 financial year.

## **12 Demand Management Innovation Allowance Mechanism**

This submission has been prepared under the Demand Management Innovation Allowance (DMIA) scheme applied to TasNetworks by the AER.

Under Section 2.3 of the AER's final determination for The Demand Management Innovation Allowance Mechanism, Dec 2017, TasNetworks is required to submit an annual report on expenditure under the DMIA for each regulatory year.

The annual report must include:

- the amount of the allowance spent by the distributor;
- a list and description of each eligible project on which the allowance was spent;
- a summary of how and why each eligible project complies with the project criteria;

- For each eligible project on which the allowance was spent, and in a form that is capable of being published separately for each individual eligible project, a project specific report that identifies and describes:
  - The nature and scope of the eligible project;
  - The aims and expectations of the eligible project;
  - How and why the eligible project complies with the project criteria;
  - The distributor's implementation approach for the eligible project;
  - The distributor's outcome measurement and evaluation approach for the eligible project;
  - The costs of the eligible project:
    - incurred by the distributor to date as at the end of that regulatory year;
    - incurred by the distributor in that regulatory year; and
    - expected to be incurred by the distributor in total over the duration of the eligible project.
  - For ongoing eligible projects:
    - a summary of project activity to date;
    - an update of any material changes to the project in that regulatory year; and
    - reporting of collected results (where available).
  - for eligible projects completed in that regulatory year:
    - reporting of the quantitative results of the project;
    - an analysis of the results; and
    - a description of how the results of the eligible project will inform future demand management projects, including any lessons learnt about what demand management projects or techniques (either generally or in specific circumstances) are unlikely to form technically or economically viable non-network options.
    - any other information required to enable an informed reader to understand, evaluate, and potentially reproduce the demand management approach of the eligible project.
- Where an eligible project has extended across more than one regulatory year of the regulatory control period, details of the actual expenditure on each such project or program in each regulatory year of the regulatory control period to date.
- A statutory declaration signed by an officer of the distributor delegated by the chief executive officer of the distributor, certifying that the costs being claimed for each demand management project:
  - are not recoverable under any other jurisdictional incentive scheme;
  - are not be recoverable under any state or Australian Government scheme; and
  - are not otherwise included in forecast capital expenditure or operating expenditure approved in the AER's distribution determination for the regulatory control period under which the mechanism applies, or under any other incentive scheme in that distribution determination.

Each of the projects in the DMIA submission is defined as an 'eligible project' based upon the following criteria listed under Section 2.2.1. of the AER's final determination for The Demand Management Incentive Scheme, Dec 2017. An eligible project must:

- be a project or program for researching, developing or implementing demand management capability or capacity; and
- be innovative, in that the project or program:
  - is based on new or original concepts; or
  - involves technology or techniques that differ from those previously implemented or used in the relevant market; or
  - is focused on customers in a market segment that significantly differs from those previously targeted by implementations of the relevant technology, in relevant geographic or demographic characteristics that are likely to affect demand; and
- have the potential, if proved viable, to reduce long term network costs.

Accordingly, this submission details DMIA projects undertaken by TasNetworks in the 2024-25 financial year.

## 12.1 Governance

### 12.1.1 DMIA spending in 2024-25

There were no new projects and three ongoing DMIA projects under implementation or development for which TasNetworks incurred costs in 2024-25.

- Derwent Bridge microgrid feasibility study
- Community Battery Pilot – Howrah
- Community Battery Pilot – Burnie

### 12.1.2 Compliance with DMIA Criteria

Information addressing items Section 2.3 of the AER’s final determination for [The Demand Management Innovations Allowance Mechanism, Dec 2017](#), can be found in the sections below.

### 12.1.3 Project selection process

When opportunities are identified for new projects, TasNetworks uses the following methodology when assessing projects for funding under the DMIA allowance:

**Concept Stage:** For new concepts, approval for project research and development is carried out by the Network Innovation Leader who ensures that the proposed project meets the funding criteria specified under the DMIA Scheme. This component of the project is defined as a Conceptual Project.

**Development Stage:** Where early-stage research and development indicates a potential viable demand reduction solution, the project is approved to proceed to the Development Stage where a project proposal for a full trial is prepared. Approval to proceed to Developmental Stage is by the Network Innovation Leader.

**Delivery Stage:** The project proposal is reviewed by the Network Innovation Leader to ensure it meets the funding criteria specified under the DMIA Scheme and checks are also made to ensure that budgeted project costs are within the DMIA allowance. After consideration of the available DMIA budget, proposed projects will be selected for inclusion in the DMIA program and recommended for authorisation at the appropriate delegation level.

## 12.2 Statement on costs

In submitting this program for inclusion in the DMIA Scheme, TasNetworks confirms that the program costs:

- are not recoverable under any other jurisdictional incentive scheme;
- are not recoverable under any state or Australian Government scheme; and
- are not otherwise included in forecast capital expenditure or operating expenditure approved in the AER's distribution determination for the regulatory control period under which the mechanism applies, or under any other incentive scheme in that distribution determination.

## 12.3 DMIA project summary

Table DMIA Project Summary

Projects	2024-25 Eligible DMIA	Year Initiated
Derwent Bridge microgrid feasibility study	\$43,707	2021
Community Battery Pilot - Howrah	\$337,572	2022
Community Battery Pilot – Burnie	\$349,281	2022
<b>TOTAL</b>	<b>\$730,560</b>	

## 12.4 Project Reports

### 12.4.1.1 Derwent Bridge microgrid feasibility study

Derwent Bridge is a community in the central highlands with a small population of permanent residents and commercial customers, as well as a permanent Parks and Wildlife Service presence and growing accommodation for tourism at Lake St Clair. Derwent Bridge is supplied by a 16.3 km long 110 kV line emanating from the Butlers Gorge switching station and experience's poor reliability, particularly in winter when outages can be long due to maintenance and repair difficulties, residents often have to resort to diesel generation back up.

The transmission line was originally constructed for hydro generation facilities at Lake St Clair, which have since been decommissioned. Now the 110 kV line is considered oversized and more expensive to maintain than a standard MV line.

The purpose of this project was to develop a study to investigate the feasibility of a microgrid solution at Derwent Bridge as an alternative to the existing 110 kV transmission connection. Options to explore include demand management, mini pumped hydro, battery energy storage, hydrogen generation, thermal storage, or a combination.

This project was existing but was concluded in FY25 with the decommissioning of the monitoring equipment.

### Project nature and scope

This project focused on the development of a feasibility study into a microgrid solution to address future power needs of all Derwent Bridge customers (residential and business) connected to the current 16.3 km long 110 kV line. The project involved the installation of monitoring equipment, solar PV, and BESS at customer facilities. The solar PV and BESS will be handed over to the customers at the end of the project. This equipment will both assist in the evolving energy needs of the community, as well as provide valuable data for the feasibility study.

The project is a joint project between TasNetworks, the University of Technology Sydney (UTS) as research partner, Redback Technologies (Redback) as an innovative clean industry representative, and the Australian Power Institute (API).

### **Project aims and expectations**

The aim of the Derwent Bridge Microgrid Feasibility Study is to bring together the Derwent Bridge Community, power utility (TasNetworks), the innovative clean energy industry (Redback Technologies), renowned knowledge sharing institute (API) and a leading research-intensive university (UTS) to understand, investigate and evaluate the suitability of a feasible and resilient power supply option for regional communities.

Specific project objectives are:

1. To undertake a study at Derwent Bridge to investigate the feasibility of a microgrid comprised of demand management, mini pumped hydro, battery energy storage, hydrogen generation, thermal storage, or a combination.
2. To provide measurable economic, social, environmental and technical outcomes from the study that will benefit the local community, aid TasNetworks in future infrastructure investment decisions at Derwent Bridge and transfer to wider Australian communities.

### **How and why the project complies with project criteria**

The Derwent Bridge microgrid feasibility study project was an innovative project which tested the viability of long-term network costs inherent in supplying the Derwent Bridge community. The learnings of the feasibility study will be used to inform decisions on network reliability for similar communities. The innovative project focussed on a community that differs from others targeted by TasNetworks for similar projects.

### **Implementation approach**

The project successfully delivered all milestones, summarised below and as articulated in the grant agreement.

#### *Milestone 1 Project Inception*

This phase focused on establishing a solid foundation for the project including execution of partner contracts, development of budget, and key project management artifacts. This phase also focussed on establishing good ways of working via one-on-one partner meetings, business model design workshops and pilot inception meetings.

#### *Milestone 2 – Engagement Report*

This phase focused on engaging with the community to better understand their needs, concerns, and expectations on energy supply which will facilitate the optimal co-design of the Microgrid. This phase also focussed on consultation with key stakeholders to understand the requirements and constraints of off-grid microgrid design based on information from their industries which will assist to uncover the risks of this project.

#### *Milestone 3 – Literature Review*

This phase focussed on a systematic review of relevant literature, standards and regulatory frameworks as well as a review of current technology, scale of markets and best practice examples from Australia and Internationally.

#### Milestone 4 – Data Framework

This phase focused on installing monitoring devices to build a sufficiently robust understanding of the load and power quality at various business and community organisation sites at Derwent Bridge. The phase also focussed on identifying current costs of operating the network and reliability and power quality issues with a focus on flow-on local economic and socioeconomic impacts.

#### Milestone 5 – Load Modelling and Microgrid Design

This phase focussed on the outline of load characteristics and the development of a high-level microgrid design options with input from local community members.

#### Milestone 6 – Digital Twin design

This stage focussed on the identification of design objectives and specifications for microgrid digital twin tool.

#### Milestone 7 – Capacity Building

This phase focussed on developing community buy-in and support. This will be to assist in educating the community, sharing knowledge, reflections and finalise the policies and process in building a community micro grid.

#### Milestone 8 - Business Model

The focus of this phase was to develop a business model to minimise cost of the implementation of a microgrid system.

#### Milestone 9 – Development of Tools

This phase focussed on developing and implementing innovative tools and models to explore the feasibility of, and provide guidelines for, the development of islanded microgrids for rural and regional communities.

#### Milestone 10 - Digital Twin Implementation

The phase focussed on the digital twin implementation for the microgrid. The digital twin was an enabler to implement and demonstrate cost-effective and resilient energy solution for regional communities due to the advancement in IOT, communication systems and industry 4.0.

#### Milestone 11 - Recommendations

This phase focussed on developing recommendations for the next steps of implementing the Derwent Bridge microgrid and developing reliable, integrated, and streamlined process that will guide the Microgrid developer and engineer through conceptual design, engineering, detailed electrical design, implementation, and operation in a standardized and data driven approach.

#### Milestone 12 – Final report

This phase focuses on generalising, presenting and publishing the model. Presenting, documenting and sharing the outcome of the project to relevant industries, researchers, communities, investors and students.

## **Results**

This project has now been completed. The study found that microgrid technologies are feasible for remote mode in various scenarios, particularly when employing a mix of solar rooftops, batteries, and

mini-hydro generation technologies. This combination has been identified as the most cost-effective while meeting the operational demands when switching to remote mode. The microgrid design enhances systems reliability by providing additional reserve capacity, which is crucial during unpredicted 3-day power outages and demonstrates a positive return on investment. The integration of renewable energy sources, such as hydropower and solar power, along with battery storage systems significantly reduces CO2 emissions. Additionally, the installation of solar rooftops presents long-term benefits to consumers.

However, the implementation of hydrogen-based microgrid designs requires thorough site feasibility studies for the integration and transportation of hydrogen-based technologies. Maintenance of microgrids also presents challenges, primarily due to the uncertainties in regulatory and policy frameworks, which can impede the ability of operators to secure necessary financing and manage operations effectively. Navigating regulatory processes and resolving interconnection issues are critical barriers that require both time and financial resources to overcome. Providing financial incentives such as grants, subsidies, or low-interest loans may help alleviate the high initial costs associated with these technologies.

Learnings from the Derwent Bridge Microgrid project will be implemented into TasNetworks operational decision-making processes when evaluating options for rural and remote communities with network reliability considerations.

### Implementation costs of the project

TasNetworks received funding through a grant agreement with the Commonwealth (as represented by the Department of Industry, Science, Energy and Resources) for the 'Regional and Remote Community Reliability Funds Microgrids'. DMIA funding will not be sought for the activities in this project that are funded by the grant agreement.

The costs of the DMIA eligible activities incurred by TasNetworks at the end of the 2024-25 regulatory year are as follows:

Budget item	Total cost to date (incl. 2024-25)	Total cost in 2024-25	Forecast DMIA costs (whole of project)
<b>Derwent Bridge Microgrid Feasibility</b>			
Project cost	\$2,276,247	\$43,707	\$2,276,247
Grant funding	-\$1,281,243	\$0	-\$1,281,243
Direct cost	\$243,303	\$43,707	\$243,303
Total DMIA eligible cost (excl GST)	\$975,935	\$43,707	\$975,935

### Project Progress & identifiable benefits

Key deliverables	Start date	End date
Finalised Project Plan	01/09/2021	09/02/2022
Community engagement summary report	01/10/2022	17/07/2022
Preliminary report on monitoring device instalment and data collection	01/10/2021	19/12/2022
Microgrid literature review	01/11/2021	17/07/2022

Preliminary report on load modelling and microgrid design options	15/01/2022	19/12/2022
Report on local community survey and capacity building	01/09/2022	17/06/2023
Report on the development and implementation of microgrid digital twins	01/08/2023	18/01/2023
Report on the next step of the proposed feasibility study and recommendation for Derwent Bridge	15/01/2024	31/03/2024
Final report and knowledge sharing	15/01/2024	30/04/2024
Decommissioning of monitoring equipment	10/06/2025	17/06/2025

#### 12.4.1.2 Community Battery Pilots – Burnie and Howrah

TasNetworks received grant funding from the Department of Climate Change, Energy, the Environment and Water (DCCEEW) for two low voltages, distribution connected community batteries – one in Glebe Hill, Howrah and one in Shorewell Park, Burnie. The batteries were procured in an open tender and are owned by TasNetworks but operated by a third party in the energy markets and for network support. The project will inform TasNetworks' approach to community batteries (whether owned by TasNetworks or others) and future network support enhancement and augmentation. The project phase as per the grant agreement has now concluded with the successful commissioning of the two community batteries. The batteries are now in a trial phase with the battery operator, which aims to test and confirm the best operating model for the batteries to derive the greatest network benefit.

##### Project nature and scope

The scope of this project was to:

- procure and install two low voltage community batteries in the TasNetworks distribution network;
- engagement with local community groups and councils in affected areas;
- development of battery operating frameworks and contract arrangements with battery operator; and
- verification of project hypotheses (see below).

##### Project aims and expectations

The aims of the community battery project were broad, but are summarised into four major aims and expectations:

- operation of the community battery is successful in creating additional solar hosting capacity in the substation low voltage network;
- operation of the community battery is successful in reducing the substation peak demand;
- there is net revenue generated by the battery in participating in the wholesale energy market;
- there is net revenue generated by the battery in participating in FCAS service.

The learnings of the trial operator period will inform TasNetworks' approach to future distribution system management and effective operation of battery energy storage systems.

##### How and why the project complies with project criteria

The community battery project tests how network batteries can help manage substation peak export or peak demand, reducing or postponing the need for upgrades of the network infrastructure. Additionally, the project helps TasNetworks to quantify the demand management benefits that network batteries can provide, which will inform how TasNetworks engages with demand management providers who operate network batteries.

If proven viable, this project will successfully prove that community batteries can be used to reduce substation peak demand and defer costly upgrades required for load growth, reducing total network expenditure and reducing TasNetworks' costs. Similarly, the project will also test the viability of community batteries creating additional solar hosting capacity, which would have otherwise been enabled only with costly network upgrades, reducing total network expenditure.

### Implementation approach

The approach to deliver this project is outlined below.

- Open tender for the supply of the Battery Energy Storage System(s) (BESS)
- Open tender for a community battery market services operator
- Site and connection design internally resourced
- Installation and maintenance internally resourced

In addition, TasNetworks will deliver community engagement and learnings.

### Results

These projects have now been completed and are currently undergoing operational trials to determine best operating model, viability and TasNetworks' approach to future deployment and operation of community batteries.

### Implementation costs of the project

TasNetworks received funding through a grant agreement under the 'Community Batteries for Household Solar Program – Delivery of Election Commitments Stream 1' from the Department of Climate Change, Energy, the Environment and Water (DCCEE). DMIA funding will not be sought for the activities in this project that are funded by the grant agreement.

The costs of the DMIA eligible activities incurred by the distributor to date as at the end of the 2024-25 regulatory year are as follows.

Budget item	Total cost to date (incl. 2024-25)	Total cost in 2024-25	Forecast DMIA costs (whole of project)
<b>Community Battery Pilot - Howrah</b>			
Project cost	\$827,612	\$565,072	\$853,956
Grant funding	-\$400,000	-\$227,500	-\$451,910
Direct cost	\$427,612	\$337,572	\$402,046
DMIA eligible (sub-total)	\$427,612	\$337,572	\$402,046
<b>Community Battery Pilot - Burnie</b>			
Project cost	\$831,084	\$576,781	\$871,261
Grant funding	-\$400,000	-\$227,500	-\$410,262
Direct cost	\$431,084	\$349,281	\$460,999
DMIA eligible (sub-total)	\$431,084	\$349,281	\$460,999
<b>DMIA eligible (TOTAL)</b>	<b>\$858,696</b>	<b>\$686,853</b>	<b>\$863,045</b>

## Project Progress & identifiable benefits

Key Milestones	Start date	End date
Milestone 1 – Project Mobilisation, Design and Procurement	01/07/2023	08/10/2024
Milestone 2 – Factory Testing, Site Preparation and Battery Installation	13/09/2024	31/03/2025
Milestone 3 – Battery Commissioning and Operational Tests	21/03/2025	23/04/2025
Milestone 4 – Performance Monitoring, Data Collection, Evaluation and Reporting	21/04/2025	31/05/2025
Trial Period- Operational Optimisation Trial	31/05/2025	31/05/2026

The initial operator trial period for the Howrah and Burnie community batteries commenced in May 2025 and is due to conclude in November 2025. During the initial six-month trial period, the model of operation has been tested and reviewed to understand how the batteries interact with the market and the network. The trial period has been conducted over Tasmania's winter months, when spot prices have been stable, as is typical for this time of year in Tasmania. The initial trial period falls outside of summer, when peak solar generation is expected to yield greater spot price fluctuations which will influence the operation of the batteries.

TasNetworks has made the decision to extend the initial trial for a further six months for both the Howrah and Burnie community batteries. The extension of the trial will allow for further testing of the operating model and will subsequently inform best operating practice during summer when peak solar generation and greater spot price fluctuation is expected.

# 13 Tax Standard Asset Lives

## 13.1 Distribution

All tax standard asset lives applied to asset classes are the same as those contained in the Post Tax Revenue Model (PTRM) approved by the AER in the 2024-29 Distribution Determination.

## 13.2 Transmission

### 13.2.1 Differences from Post Tax Revenue Model

All tax standard asset lives applied to asset classes are the same as those contained in the PTRM approved by the AER in the 2024-29 Transmission Determination.

### 13.2.2 Explanation of Differences

No variation exists in TasNetworks' reporting.

# 14 Tax Reporting – Immediate Expensing

## 14.1 Distribution

TasNetworks did not immediately expense any capital expenditure for income tax purposes in 2024-25.

## 14.2 Transmission

TasNetworks did not immediately expense any capital expenditure for income tax purposes in 2024-25.

TasNetworks has not changed its approach from previous years and currently does not partake in immediate expensing.

# 15 Regulatory Investment Test Expenditure

## 15.1 Distribution

TasNetworks incurred expenditure during the reporting period for one project that underwent a Regulatory Investment Test for Distribution (RIT-D) in accordance with r.5.17 of the National Electricity Rules (NER).

This was replacement expenditure for *Managing the Risk of Pole Failure*. The RIT-D process for this project concluded on 21 April 2024.

## 15.2 Transmission

TasNetworks incurred expenditure during the reporting period for three projects that underwent a Regulatory Investment Test for Transmission (RIT-T) in accordance with r.5.16 of the NER:

1. Replacement expenditure for *Managing Safe and Reliable Operation of Chapel Street Substation*. The RIT-T process for this project concluded on 4 November 2024.
2. Replacement expenditure for *Managing Risk on the George Town – TEMCO Transmission Line*. The RIT-T process for this project concluded on 21 November 2024.
3. Replacement expenditure for *Managing Safe and Reliable Operation of St Marys Substation*. The RIT-T process for this project concluded on 27 November 2024.

# 16 Related Party Information

TasNetworks does not have any related party transactions.

# 17 Reporting of Fines and Penalties

TasNetworks has not incurred any fines or penalties during the reporting period as a result of non-compliance with:

- (a) a distribution safety standard; or

- (b) a distribution reliability standard; or
- (c) a distribution service standard; or
- (d) the NEL or NER; or
- (e) the National Energy Retail Law or National Energy Retail Rules; or
- (f) any Act or instrument referred to in s.2D(1)(b)(ii) to (v) of the NEL.

## 18 Tariff Variations

### 18.1 Level and Structure Tariff Changes

During the reporting period, there have been no changes in the level or structure of network tariffs. TasNetworks' network tariff structures are consistent with its 2024-2029 Tariff Structure Statement (TSS) which was approved by the AER.

### 18.2 Tariff Re-assignments

Consistent with the explanation above, there have been no material tariff re-assignments during this reporting period.

## 19 Vegetation Management

### 19.1 Material Impact of Legislation

The following legislation requires TasNetworks to implement programmes relating to vegetation management:

*Electricity Supply Industry Act 1995* (ESI Act)

*Electricity Industry Safety and Administration Act 1997* (ESI&A Act)

*The Tasmanian Electricity Code* (TEC)

TasNetworks' normal trimming cycle across the state are driven by compliance with the ESI Act, the ESI&A Act and Chapter 8A of the TEC. TasNetworks uses the principles and approaches contained within Chapter 8A of the TEC as its basis for managing the vegetation within TasNetworks' statutory easements.

The ESI Act exists to:

- promote efficiency and competition in the electricity supply industry
- establish and maintain a safe and efficient system of electricity generation, transmission, distribution and supply
- establish and enforce proper standards of safety, security, reliability and quality in the electricity supply industry
- protect the interests of consumers of electricity

The ESI Act covers safety aspects at a fairly high level and is implicit regarding vegetation management risks.

The ESI&A Act exists to establish safety standards for electrical articles, to provide for the investigation of accidents in the electricity industry and for related purposes. The ESI&A Act covers:

- Powers of entry and inspection
- Powers to order rectification
- Powers to order disconnection
- Emergency powers relevant to TasNetworks vegetation management activities

The TEC provides, inter alia, a statement of the relevant technical standards of the electricity supply industry, an access regime to facilitate new entry, guidance on price setting methodologies, a means of resolving disputes, and establishes advisory committees to assist the Regulator.

Chapter 8A of the TEC includes a framework for the management of vegetation around distribution powerlines. This framework is explicit regarding works requirements and practices in various fire hazard categories.

TasNetworks has the regulatory responsibility to manage trees growing near power lines and mitigate risks associated with trees coming into contact with power lines. The minimum standard to which TasNetworks must achieve is compliance with Chapter 8A of the TEC.

## 19.2 Self-Imposed Vegetation Management Standards

Vegetation management works in the HBLCA include the standard cyclic cuttings undertaken in the rest of the State, as well as a more rigorous annual pre-summer vegetation inspection and cutting programme to ensure required clearances are achieved prior to the onset of each annual bushfire season.

The HBLCA was originally developed as part of Aurora Energy's 2012 Bushfire Mitigation Strategy (which has been adopted by TasNetworks), where leading experts from Melbourne University and the Tasmanian Parks and Wildlife Service were engaged (in consultation with the Tasmanian Fire Service) to utilise the industry accepted Phoenix Rapid-fire modelling tool to determine areas of fire loss consequence. This methodology has been utilised by other DNSPs following the findings of the Victorian Bushfire Royal Commission.

The HBLCA was reviewed and updated during 2018 and is described further within TasNetworks' Bushfire Risk Mitigation Plan (2018).

The level of exposure to bushfire risk has been determined based on the number of maintenance spans located in the HBLCA.

TasNetworks has the option of extending the area covered by the pre-summer vegetation inspection and cutting programme if conditions leading into the bushfire season pose sufficient risk to warrant additional work being undertaken.

## 19.3 Explanation of Regulations & Self-Imposed Standards Cost Impacts

The majority of vegetation management expenditure relates to compliance with statutory requirements, primarily Chapter 8A of the TEC. This includes routine inspection, cyclic cutting, defect rectification, and compliance verification to maintain mandated clearances across the distribution network.

These obligations drive fixed costs associated with network coverage, vegetation density, and inspection frequency necessary to demonstrate compliance.

In addition to the regulated program, TasNetworks undertakes self-imposed initiatives aimed at improving network safety and bushfire resilience. These include the annual pre-summer inspection and cutting program within the High Bushfire Loss Consequence Area (HBLCA), and where necessary, extending inspection and cutting activities based on seasonal fire risk forecasts.

These activities are not explicitly required by regulation but reflect prudent risk management consistent with community and insurer expectations.

The incremental cost of the self-imposed standards represents a modest proportion of total vegetation expenditure for the reporting period but delivers a material reduction in bushfire and reliability risk. The additional cost arises from increased inspection frequency, contractor mobilisation, and data management associated with the pre-summer program and risk-responsive works.

Vegetation management costs in the reporting period were primarily driven by compliance with Chapter 8A of the Tasmanian Electricity Code. Additional expenditure was incurred through TasNetworks self-imposed pre-summer inspection and cutting program in the High Bushfire Loss Consequence Area, and risk-responsive works implemented in consultation with the Tasmanian Fire Service and Bureau of Meteorology. These discretionary programs, while not mandated, represent prudent expenditure to manage elevated bushfire and reliability risks and account for a minor uplift in total vegetation management costs.

## 20 Reconciliation of Expenditure

### 20.1 Distribution

TasNetworks, in accordance with its CAM, allocated non-network operating costs against corporate overheads. In its reporting for RIO's, these allocations are reversed and separately reported and as such do not feature against any other reporting lines where designation of non-network costs is specifically required.

### 20.2 Transmission

TasNetworks, in accordance with its CAM, allocated non-network operating costs against corporate overheads. In its reporting for RIO's, these allocations are reversed and separately reported and as such do not feature against any other reporting lines where designation of non-network costs is specifically required.

## 21 Benchmarking Asset Base

### 21.1 Distribution

TasNetworks has chosen not to report benchmarking asset base values in accordance with the Optional additional approach set out in Appendix A Data workbook instructions, Section 8.1.5 Optional additional approach.

### 21.2 Transmission

TasNetworks has chosen not to report benchmarking asset base values in accordance with the Optional additional approach set out in Appendix A Data workbook instructions, Section 7.1.11 Optional additional approach.

# 22 Taxable Income Adjustments

## 22.1 Distribution

TasNetworks had no attributable adjustment that apply to Distribution and did not report or utilise any tax losses during the regulatory year.

## 22.2 Transmission

TasNetworks had no attributable adjustment that apply to Transmission and did not report or utilise any tax losses during the regulatory year.

# 23 Interest Expenditure

## 23.1 Distribution

TasNetworks accounts for interest expenditure from multiple sources:

- Daily cash overnight facility
- Treasury bonds
- Government guarantee fees
- Defined benefits
- Leases
- Revenue

Where interest expenditure can be directly linked to a specific regulated or unregulated activity, the associated expenditure is recorded and reported within that regulatory activity. This is frequent with interest expenditure relating to some bonds, leases, and revenue.

Where interest cannot be directly linked to specific regulated or unregulated activities, expenditure is split and allocated to regulatory activities based on the budgeted spend within those activities and services.

TasNetworks, as a Government Business Enterprise, is legislatively limited in sourcing its debt portfolio via the Tasmanian Public Finance Corporation.

As per TasNetworks' 2024-25 Annual report, there is \$2.84 Billion in debt held by TasNetworks. Of that \$2.84 Billion, approximately \$1.22 Billion is allocated to Distribution inclusive of Standard Control Services, Metering Services and Public Lighting.

TasNetworks' Weighted Average Term to Repricing (WATR) is approximately 5.20, however this includes bonds specifically for unregulated purposes. TasNetworks WATR excluding for specifically longer-term unregulated bonds is 4.48. No adjustment specifically for Distribution is required for this term.

## 23.2 Transmission

TasNetworks accounts for interest expenditure from multiple sources:

- Daily cash overnight facility
- Treasury bonds
- Government guarantee fees

- Defined benefits
- Leases
- Revenue

Where interest expenditure can be directly linked to a specific regulated or unregulated activity, the associated expenditure is recorded and reported within that regulatory activity. This is frequent with interest expenditure relating to some bonds, leases, and revenue.

Where interest cannot be directly linked to specific regulated or unregulated activities, expenditure is split and allocated to regulatory activities based on the budgeted spend within those activities and services.

TasNetworks as a Government Business Enterprise is legislatively limited in sourcing its debt portfolio via the Tasmanian Public Finance Corporation.

As per TasNetworks 2024-25 Annual report there is \$2.84 Billion in debt held by TasNetworks. Of that \$2.84 Billion approximately \$0.97 Billion is allocated to Distribution inclusive of Standard Control Services, Metering Services and Public Lighting.

TasNetworks WATR is approximately 5.20, however this includes bonds specifically for unregulated purposes. TasNetworks WATR excluding for specifically longer-term unregulated bonds is 4.48. No adjustment specifically for Distribution is required for this term.

## 24 Small Scale Incentive Schemes

### 24.1 Customer service incentive scheme

Measure	Baseline target	Actual performance
Customer satisfaction with complaints handling	6.41	5.31
Customer satisfaction with outage management (planned and unplanned)	7.82	7.65
Customer satisfaction with new connections	7.61	8.23

### 24.2 Export service incentive scheme

No export service incentive scheme applied to TasNetworks during the reporting period.

## 25 Large Projects

### 25.1 Distribution

There were no large projects reported in TasNetworks' distribution Workbook 07 – Capital expenditure.

### 25.2 Transmission

TasNetworks reported one large project in the Workbook 07 – Capital expenditure for transmission. This project was the North-West Transmission Development (NWTD) early works.

NWTD early works is a contingent project as defined by the National Electricity Rules. On 21 March 2025, the Australian Energy Regulator released its final determination to incorporate the forecasted expenditure into TasNetworks maximum allowed revenue.

Forecasted expenditure for the reporting year was \$62.5 million, with actual expenditure being \$27.1 million meaning there was a \$35.4 million difference. Key drivers of the difference include:

- Delays to commencement of Early Contractor Involvement activities and associated flow-on effects to external contracting expenditure.
- Delayed ordering and payment of long lead Items.
- Reduced landowner payments due to Strategic Benefit Payment model being delayed.

## 26 Circuit Capacity

TasNetworks has described the methodology used to estimate circuit capacities in Workbook 03 – Network metrics – Circuit capacity along with any changes to the methodology in the distribution BoP.



[www.tasnetworks.com.au](http://www.tasnetworks.com.au)