

Transmission Revenue Reset

TRR (2027-32)

Revised Proposal Addendum: Digital Resilience - Infrastructure

Date: 1 September 2026



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Executive Summary

ICT infrastructure includes compute servers, storage servers, telecommunications and end user devices. Infrastructure is the foundation of the technology systems that enable AusNet to securely control the Victorian transmission network, efficiently plan and maintain assets, and efficiently run our business. For this purpose, AusNet owns and operates ICT infrastructure 'on premise' in our Richmond and Rowville data centres. This 'on premise' infrastructure underpins transmission services to all Victorians. Through this program AusNet applies a risk-based refresh approach to maintain our data centre and communications equipment, consistent with our risk management policies.

The AER's Draft Determination accepted AusNet's systems criticality and risk management framework used to prioritise expenditure across our "Digital Resilience" programs, and the recommended option of proactive upgrades to Mission Critical (high risk to energy system security) and Business Critical (high risk of business-wide disruption) infrastructure. Consistent with this, the AER accepted the majority of proposed expenditure, with adjustments made to two programs and an alternative capex forecast provided as detailed in **Table 1**.

Table 1 - AER Alternative Forecast Expenditure (\$m, real 2027)

Cost item	Initial Proposal	AER Alternative	Adjustment
Capex	\$31.0M	\$26.9M	-13%
Opex	\$0.4M	\$0.4M	0%

The AER provided rationale for the Draft Determination adjustments, which AusNet has addressed in our Revised Proposal:

AER Draft Determination Feedback	How this has been addressed in AusNet's Revised Proposal
Inconsistent and conflicting cost allocation methodology for two line items: - Shared Data Centre Infrastructure - System Integration Hardware AusNet should explain the discrepancy in its cost allocation issues in its revised proposal.	AusNet has reviewed and updated the cost allocation for these programs to ensure costs are consistently attributed across our networks, as per AusNet's Cost Allocation Methodology. This revised submission aligns with AusNet's Electricity Distribution Price Review (EDPR) Final Determination and will be carried through to the upcoming Gas Access Arrangements Review (GAAR) proposal.

Based on the updated cost allocations, AusNet's revised Digital Resilience – Infrastructure proposal represents \$28.7m capex (\$real 2025). All costs represent Transmission network allocation. The expenditure profile through the 2027-32 regulatory period is detailed in **Table 2** below, which represents a \$0.2m decrease relative to AusNet's initial proposal.

Table 2 - Forecast expenditure for AusNet's revised proposal (\$m real 2025, transmission network allocated costs)

Cost item	RY2028	RY2029	RY2030	RY2031	RY2032	Total
Capex	\$4.7M	\$4.5M	\$7.1M	\$7.9M	\$4.4M	\$28.7M
Opex	\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$0.3M
Total	\$4.8M	\$4.6M	\$7.2M	\$8.0M	\$4.5M	\$29.0M

1. AusNet's Proposal and AER Draft Determination

Digital technologies are integral to supporting a secure power system and enabling our Transmission business to perform its functions efficiently. ICT infrastructure provides the processing capacity to analyse and retrieve data, store information, communicate between systems and devices, and includes laptops and other end user devices to enable our organisation's work. This infrastructure underpins our ecosystem of ICT applications and systems, which support our organisation deliver our transmission network services reliably and efficiently across Victoria.

This section summarises AusNet's initial 2027-32 regulatory period proposal for "Digital Resilience": recurrent expenditure to maintain the lifecycle resilience and existing capabilities of our ICT infrastructure. Also detailed is the Australian Energy Regulator's (AER's) Draft Determination, alternative forecast, reasons for adjustments to AusNet's proposal, and feedback to be addressed in our revised proposal.

1.1. Initial Submission Summary

AusNet's initial submission proposed expenditure to replace end of life hardware, refurbish data centre facilities, replace end of life telecommunications infrastructure, and undertake refresh of end use devices. Expenditure needs in the RY2027-32 regulatory period were identified through a bottom-up assessment of infrastructure systems to determine the known or likely timing of vendor refresh requirements. Cost estimates were developed based on historical benchmarks for similar infrastructure refreshes and through workshop engagement with AusNet's digital partners and represented cost allocation to the transmission network where systems are shared across AusNet's regulated networks.

AusNet applies a criticality-based approach to manage resilience and cyber risks across its digital infrastructure. Assets are classified as Mission Critical (high risk to energy system security), Business Critical (high risk of business-wide disruption), or Business Operational and Administrative (risk to specific business functions). Based on assessment of costs and risks the recommended option was to proactively refresh Mission and Business Critical infrastructure to remain within vendor extended support and patch/parts availability. Proposed expenditure was \$28.9 million capex (\$real 2025), as shown in **Table 3** below.

Table 3 - Initial Submission Forecast Expenditure for Digital Resilience - Infrastructure (\$m, real 2025)

Cost item	RY2028	RY2029	RY2030	RY2031	RY2032	Total
Capex	\$5.6M	\$4.4M	\$7.0M	\$7.8M	\$4.2M	\$28.9M
Opex	\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$0.3M
Total	\$5.7M	\$4.4M	\$7.0M	\$7.8M	\$4.3M	\$29.3M

1.2. AER Draft Determination Feedback

In its Draft Determination, the AER accepted the criticality framework and risk management methodology used by AusNet, and the recommended option of proactive lifecycle refresh of Mission and Business Critical infrastructure. This resulted in acceptance of the majority of AusNet's proposal. In the Draft Determination the AER adjusted two infrastructure investment items, resulting in the AER providing an alternative capex forecast of \$26.9m capex (\$real 2027), per **Table 4** below. The AER's Draft Determination accepted AusNet's proposed opex step change of \$0.4m (\$real 2027).

Table 4 - AER Alternative Forecast Expenditure (\$m, real 2027)

Cost item	Initial Proposal	AER Alternative	Adjustment
Capex	\$31.0M	\$26.9M	-13%
Opex	\$0.4M	\$0.4M	0%

The rationale for these capex adjustments was provided in the Draft Determination as follows:

- AusNet has applied inconsistent cost allocation methodology to apportion costs for shared initiatives across its distribution, transmission and gas networks for Digital Resilience Infrastructure programs.
- The majority of cost allocations issues were resolved with information requests, with the exception of "Shared Data Centre Infrastructure" and "System Integration Platforms – HW".
- AusNet should explain the discrepancy in its cost allocation issue in its revised proposal.

2. AusNet's Revised Proposal

In response to the AER's Draft Determination, AusNet has reviewed the Digital Resilience – Infrastructure program. This section details the approach taken to specifically address the Draft Determination feedback, and the revised proposal changes that have resulted from this review.

2.1. Alignment of Cost Allocation and Estimates

To address the AER's Draft Determination feedback of cost allocation inconsistencies with two infrastructure resilience line items, AusNet has completed review of all line items to confirm alignment across Electricity Distribution Price Review (EDPR) Final Determination and TRR Proposal. This review has identified four items where revisions to cost allocations and program capex were required.

For these four infrastructure resilience initiatives AusNet has revised the following:

- **Cost allocations:** Cost allocations of these shared infrastructure items have been updated to align with AusNet's standard Cost Allocation Methodologies. This review resulted in revised allocation percentages relative to the initial TRR submission. The Distribution network cost allocations for these items remain unchanged and are consistent with the allocations in AusNet's approved EDPR Determination.
- **Cost estimate:** Program cost estimates have been updated based on the top-down cost validation exercise undertaken with AusNet's delivery partners as part of the EDPR resubmission. This approach validated total enterprise costs and then applied the network cost allocation percentages to derive network-specific expenditure. As a result, expenditure attributable to the Transmission network has updated where revised allocation percentages have been applied. As the Distribution allocations remain unchanged, the resulting Distribution expenditure continues to align with the expenditure approved in the EDPR determination.

The revised transmission network cost allocations and resulting TRR revised proposal capex are detailed in **Table 5** below. The revised proposal solely reflects revised costs and allocations aligned with EDPR Final Determination; there have been no changes to the scope of these initiatives, underlying capabilities, deliverables, or program intent.

Table 5 – Cost Allocation Changes from Initial to Revised Submission

\$m, real 2025	Initial TRR Submission		Revised TRR Proposal		Adjustment Approach
	Transmission Allocation (%)	Transmission Allocation (\$)	Transmission Allocation (%)	Transmission Allocation (\$)	
Data Centre Facilities	30%	[C-I-C]	50%	[C-I-C]	Transmission allocation reflective of the higher criticality, resilience and security requirements needed to maintain Transmission digital infrastructure assets.
Fire Suppression	30%	[C-I-C]	-	-	This item is consolidated into the "Data Centre Facilities" line item, consistent with AusNet's EDPR Revised Proposal and Final Determination.
Shared Data Centre Infrastructure	63%	[C-I-C]	30%	[C-I-C]	Cost allocation updated to reflect AusNet's standard three network shared allocation.
System Integration Platforms - HW	63%	[C-I-C]	30%	[C-I-C]	Cost allocation updated to reflect AusNet's standard three network shared allocation.

The revised cost allocations and resulting capex impacts across AusNet's three regulated networks are presented in **Table 6** below. Distribution capex allocation for these items is aligned and unchanged from the AER's Final Determination of AusNet's EDPR (noting that costs have been inflated from \$real 2024 to \$real 2025), with all AusNet total cost as per the Wipro delivery partner estimates submitted as part of the EDPR Resubmission.

Table 6 – Revised Cost Allocation for Digital Resilience - Infrastructure (\$m, real 2025)

\$m, real 2025	Total AusNet Capex	Transmission		Distribution		Gas	
		Allocation (%)	Capex (\$)	Allocation (%)	Capex (\$)	Allocation (%)	Capex (\$)
Data Centre Facilities	[C-I-C]	50%	[C-I-C]	35%	[C-I-C]	15%	[C-I-C]
Shared Data Centre Infrastructure	[C-I-C]	30%	[C-I-C]	49%	[C-I-C]	21%	[C-I-C]
System Integration Platforms - HW	[C-I-C]	30%	[C-I-C]	49%	[C-I-C]	21%	[C-I-C]

2.2. Revised Proposal Program

As a result of these revised allocations and costs, AusNet's revised Digital Resilience – Infrastructure program scope is as follows, with a decrease in total program capex of \$28.9m (\$real 2025) in the original proposal (equivalent to \$31.0m \$real 2027), to \$28.7m (\$real 2025) in our revised proposal:

Infrastructure type	Description of need	Cost
Mission critical infrastructure		
Mission – Other infrastructure upgrades	This includes the infrastructure to support a range of mission critical applications such as [C-I-C], etc that enable AEMO and field communication with the control room.	[C-I-C]
<i>No change from initial proposal</i>		
Telecommunications Systems hardware	This includes refreshing and supporting the equipment in the data centres required for system that manage the SCADA communicate to field device, e.g. [C-I-C]	[C-I-C]
<i>No change from initial proposal</i>		
Fire suppression	This is to ensure the data centres have appropriate fire protection measures to ensure the safety and security of the data centre and the infrastructure that is required to support critical applications. This includes phase out of legacy fire suppression gases consistent with regulatory requirements.	-
<i>Cost consolidated into "Data Centre Facilities" line item, consistent with EDPR Final Determination</i>		
Data centre facilities	Includes maintenance and upgrades to the CRAC (computer room air-conditioning) units and the uninterrupted power system.	[C-I-C]
<i>Revised cost allocation methodology and cost estimate</i>		
Business critical infrastructure		
High security network	This involves refreshing the telecommunications and IT network infrastructure that supports communication to depot and terminal substation for non-SCADA operations.	[C-I-C]
<i>No change from initial proposal</i>		
Shared Data Centre Infrastructure	The 2 data centres require continual refreshes to ensure that storage, servers and other computing equipment provide the necessary support for the current suite of applications and systems.	[C-I-C]
<i>Revised cost allocation methodology and cost estimate</i>		
SCADA Data Historian Infrastructure	The infrastructure and storage required to operate the [C-I-C] (SCADA Data Historian).	[C-I-C]
<i>No change from initial proposal</i>		
Business - Other infrastructure upgrades	This includes the infrastructure to support various business applications such as [C-I-C]	[C-I-C]
<i>No change from initial proposal</i>		

System Integration Platforms infrastructure	Infrastructure that supports the Enterprise Application Integration platforms including [C-I-C]	[C-I-C]
<i>No change from initial proposal</i>		
Physical security digital infrastructure	Infrastructure required to run security cameras, building access control (gates) systems, etc. This includes service, network and storage. Support the high speed and volume of storage required for the security video footage collected.	[C-I-C]
<i>No change from initial proposal</i>		
OT Communication equipment firmware	Periodic firmware updates to field OT Communication equipment to maintain vendor support, ensure new elements can be installed within the lifecycle parameters, provide cyber security coverage through penetration testing and vulnerability scanning.	[C-I-C]
<i>No change from initial proposal</i>		
Business Operational & Administrative		
User Devices (laptops, mobile, peripherals)	Extended refreshes of workstations, laptops, mobiles and other end user devices.	[C-I-C]
<i>No change from initial proposal</i>		

2.3. Recommended Option

Following update of cost allocations and expenditure forecasts to align with AusNet's EDPR Final Determination, the revised proposal is AusNet's recommended option. The revised proposal retains the same asset lifecycle strategy as the recommended Option 3 in the initial proposal. This option includes the proactive refresh of Mission Critical and Business Critical infrastructure, with updated cost allocations and cost estimates.

The cost of this recommended option is \$28.7m capex (\$real 2025), which represents a \$0.2m capex decrease relative to AusNet's initial proposal. The summary of this assessment is detailed in **Table 7** below.

Table 7 Digital Resilience – Infrastructure expenditure proposal (\$m real 2025, transmission network allocated costs)

Criteria	Initial Proposal Recommended Option 3	AER Draft Determination	Revised Proposal
Capex (\$million, real 2025)	28.9	25.1	28.7
Opex (\$million, real 2025)	0.3	0.3	0.3
Reduces risks below Material Risk threshold	✓	✗	✓
Preferred option	✓	✗	✓

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