TRR 2027-32

Transmission Stakeholder Advisory Panel (TSAP)

Summary Notes | Pre-Draft Decision Engagement

Details	Members	AusNet Staff
9:30am to 12:15pm Thursday, May 21, 2026 Online (MS Teams) Chair: Glenn Orgias Secretariat: AusNet prepared draft, finalised by Chair Glenn Orgias	Glenn Orgias, Chair Alex Crosby Harshal Patel Tennant Reed Rebecca Xuerub Roy Unny **Observers:** Alex Thorne, *AER* **Apologies:** David Markham Gavin Dufty Theodora Karastergiou Al Mills Andrew Richards Richard Robson Michael Swanston Rabi Islam, *AER* Kirk Zammit, *AER*	Tom Hallam, *GM Strategy & Regulation* Martin Cavanagh, *GM Security & Network Operations* Nigel Turner, *Head of Delivery Construction & Commissioning* Hitendra Joshi, *Head of Regulated Vic Transmission Connections* Jessica Sharpe, *Physical Security Manager** Lucy Holder, *Customer Engagement Manager* Khai Ling Chan, *Price Review Manager* Charlie Qin, *Senior Regulatory Economist* Lia Mavrias, *Engagement Specialist* Adrian Suprianto, *Business Graduate* Natasha Loughlin, *Strategic Talent Manager** Emma Ferrie, *Employer Branding Specialist** **Joined for particular item*

Key outcomes

This meeting was held to update the Transmission Stakeholder Advisory Panel (TSAP) on material developments and to prepare the panel for deeper engagement once the AER's Draft Decision is released. The session focused on providing updates on physical security, deliverability, expected changes to the TRR, operating expenditure updates, and customer connections, rather than seeking agreement or endorsement of specific outcomes at this stage.

The TSAP engaged in discussion on the evolving regulatory and external environment, including uncertainty driven by the Middle East conflict, inflationary pressures and emerging policy changes, alongside longer-term considerations such as physical and cyber security requirements. These discussions highlighted the likelihood of upward pressure on capex, the importance of maintaining appropriate risk allowances and ongoing concerns around deliverability and workforce capacity and capability as the scale of the program increases.

Purpose & Agenda

AGENDA ITEM		TSAP WILL BE ASKED	LED BY	TIMING
1	**Introduction**	Welcoming the TSAP to pre-draft engagement session	**Glenn & Tom**	**9:30am** | 5 mins
2	**Update on Physical Security Program**	Provide the TSAP with an update on AusNet's physical security program and potential future changes	**Jess**	**9:35am** | 30 mins
3	**Deliverability Update**	Sharing a deliverability update, including: Project delivery progress Supporting delivery capacity Middle East conflict	**Nigel & Tom**	**10:05am** | 45 mins
4	**Expected potential changes to the TRR**	Sharing any changes we expect to occur in the Revised Proposal	**Tom, Charlie & Nigel**	**10:50am** | 40 mins
5	**The role of the TSAP in the upcoming Revised Proposal period**	Discussion on upcoming TSAP engagement areas during the Revised Proposal period and flagging placeholders	**Tom & Lia**	**11:30am** | 10 mins
6	**New Connections update**	Share the progress of improvements made following the New Connections Deep Dive in March 2025	**Hitendra**	**11:35am** | 45 mins
7	**Open floor, next steps and close**	An opportunity for the TSAP to ask questions. Flagging the next meeting and closing the session	**Tom**	**12:20pm** | 10 mins
				End by 12:30pm

Summary of discussion

Topics	Discussion points
1. Introduction	Glenn Orgias, Chair of the Transmission Stakeholder Advisory Panel (TSAP), opened the session with an Acknowledgement of Country. He noted the upcoming reset milestones through to the Revised Proposal Submission in September. Tom Hallam, AusNet's General Manager of Strategy & Regulation, noted that the post-submission meetings are intended to keep TSAP informed in a dynamic environment, with current discussions focused on issues that may influence AusNet's response to the Draft Decision. He noted that the AER is reviewing capex programs and opex step changes, including asset replacement, digital programs and physical security, with further detail now provided as additional support to AusNet's submission.
2. Update on Physical Security Program	Jessica Sharpe, AusNet's Manager of Physical Security, provided an update on AusNet's proposed Physical Security Program and the evolving regulatory requirements under the Security of Critical Infrastructure (SOCI) framework. She noted that while the SOCI Act was introduced in 2018, detailed obligations have emerged with the Critical Infrastructure Risk Management Plan rules released in 2023 after a detailed consultation process between industry and DOHA. AusNet has since undertaken work to interpret requirements, assess risks and design a program aligned with regulatory expectations and industry practice. She highlighted recent developments, including the January 2026 independent review of the SOCI Act, indicate a shift towards a more enforcement-focused regime, with stronger penalties and more prescriptive requirements expected. Upcoming rule changes are

likely to introduce explicit requirements for physical security plans, which are a key driver of the program.

The program is designed using a risk-based approach, prioritising investment in critical assets and aligning with government standards, industry guidelines and peer network approaches. Benchmarking has been undertaken with other transmission network service providers to avoid ‘gold plating’ and support long-term efficiency.

Discussion included:

- A TSAP member sought clarification on the specific types of upgrades proposed under the program and if the upgrades are tailored based on the asset’s location.
    - AusNet advised the program focuses on enhancing and replacing existing infrastructure, including stronger fencing, dual fencing and improved intrusion detection linked to the monitoring centre. Upgrades are based on a risk-based assessment of asset criticality, rather than location alone.
- A TSAP member asked about a potential drone-based threats and if they are considered by AusNet as part of its physical security program as it has become increasingly apparent in other parts of the world.
    - AusNet advised that while these are increasing globally, they are not currently assessed as a credible threat in Australia. The program is instead focused on more immediate risks, with emerging threats like drones continuing to be monitored.
- A TSAP member asked whether AusNet uses similar cost estimates to other transmission service providers. AusNet advised that costs are broadly consistent across the sector, using a similar tiered approach based on asset criticality, with some variation due to location, particularly in regional areas.
- A TSAP member sought clarification in the difference of the cost figures ($70 million vs $90 million). AusNet clarified that $70 million relates to the proposed spend for the 2027–32 period, while $90 million reflects the total program cost, as delivery begins before the regulatory period.
- A TSAP member sought clarification on whether the physical security program had led to any material changes in cost estimates since the original proposal, or whether updates had primarily related to additional information provided to the AER.
    - AusNet advised that cost estimates remain broadly consistent, with no material changes from the original proposal. Engagement with the AER has focused on providing additional detail and supporting evidence, including risk assessments, threat scenarios and methodology, rather than revising the program’s scope or costs.

3. Deliverability Update

Nigel Turner, AusNet’s Head of Delivery Construction & Commissioning, provided an update on progress across AusNet’s capital delivery program, noting that key projects continue to advance in line with expectations. He highlighted that works at Red Cliffs Terminal Station are progressing well, with new transformers installed and on track for commissioning ahead of the summer embargo period, which enables subsequent stages of the project and supports outage planning. He also outlined progress at Sydenham Terminal Station, where construction activities and associated line works are underway. He discussed the use of innovative solutions, such as the first locally manufactured 500 kV temporary monopole that was used to join the new and old station. He also mentioned engaging European experts to fix the SF6 circuit breakers to maintain system reliability after a recent equipment failure at the site.

Nigel further provided an update on the low spans program, undertaken in coordination with Energy Safe Victoria, noting that initial works have been successfully completed to address compliance issues through targeted engineering solutions, either with the use of intermediate monopoles or floating strain. Further spans are scheduled for delivery, with some challenges remaining around land access and coordination with other projects. He also noted broader delivery activity across the network, including both TRR and non-TRR projects, as well as continued development work to support future major programs. He highlighted that AusNet is preparing for a significant uplift in delivery volumes, noting ongoing engagement with construction delivery partners to scale workforce capacity and capability, while balancing the need for long-term resourcing commitments with maintaining competitive tension in the market.

Natasha Loughlin, AusNet's Strategic Talent Manager, outlined workforce initiatives to support the uplift in delivery, including targeted recruitment, talent development and continued investment in early career pathways. These build on recent growth in the delivery and engineering workforce and aim to strengthen capability as volumes increase.

Nigel also highlighted progress on the redevelopment of the South Morang training facility, noting that works are underway to upgrade the site into a fit-for-purpose training centre capable of supporting approximately 40 trainees at any given time, with completion expected later in the year. The facility is intended to strengthen AusNet's ability to train and develop transmission-specific skills internally and provide a scalable platform to support future workforce requirements.

Note: In the session, Nigel stated that the refurbishment would be completed by the end of 2026. We would like to clarify that only the initial refurbishment of the existing building will be completed in 2026; further works to increase the capacity of the facility will continue into the next regulatory period.

Tom outlined that the ongoing Middle East conflict has moved from a short-term shock to a longer-duration disruption, with uncertainty increasing around how long impacts on shipping routes, oil and gas markets and broader commodity inputs will persist. He noted that market conditions are increasingly pointing to prolonged disruption through to at least 2027, with flow-through effects beginning to appear across construction-related inputs, including aluminium and copper, and with potential for wider impacts over time as disruptions cascade into downstream manufacturing and petroleum-derived products.

He emphasised that, while AusNet has not experienced material supply contract disruptions to date, suppliers are increasingly flagging the potential for future price rises and that AusNet's immediate concern is less about observed cost increases today and more about managing uncertainty and the appropriateness of project risk allowances in the regulatory process. Tom also noted that higher inflation expectations and rising interest rates may influence the revised proposal inputs and that AusNet's response is to strengthen procurement discipline by locking in long-lead equipment supply through longer-term contracting where possible.

Discussion included:

- A TSAP member asked whether the floating strain insulators used in the first tranche of the low spans program could be broadly applied across the network. AusNet responded that such solutions are only effective in specific cases where non-compliance is marginal and that more substantial interventions (e.g. additional structural works) are required for more significant clearance issues.
- A TSAP member commented that rising global oil and input costs are beginning to impact supply chains, with uncertainty around future price movements. They noted that recent price stability has partly been supported by the release of global stockpiles, with risks of further increases if these releases slow. In response, AusNet acknowledged these dynamics and noted emerging risks across downstream inputs, as well as uncertainty around global supply and potential export constraints, particularly from key producers such as the United States.
- A TSAP member asked how rising inflation may impact AusNet's cost estimates and revenue calculations. AusNet advised that costs will be reassessed as part of the revised proposal, noting that revenue is adjusted annually through a CPI-

	based formula. As a result, higher inflation would flow through to higher allowed revenues and prices, with a positive real increase in revenue also expected. • A TSAP member asked whether AusNet had engaged with VicGrid on potential cost increases and whether VicGrid may revise its plans. AusNet advised that no material cost impacts have been observed to date, but discussions with VicGrid have focused on procurement strategies, particularly the use of long-term supply contracts. VicGrid is supportive of locking in supply and is exploring how it may assist, although no specific changes to plans have been confirmed. • A TSAP member noted that global events are likely to accelerate electrification, particularly for light vehicles, which may drive increased demand on the network over time. AusNet agreed, highlighting that electrification is already well underway and contributing to rapid demand growth, with ongoing network investment focused on supporting this transition
4. Expected potential changes to the TRR	Tom outlined potential changes being considered for the Revised Proposal following the Draft Decision. He noted that as project design and procurement progress, AusNet continues to receive updated cost and scope information, which may lead to refinements in project estimates, including for major works such as terminal station upgrades. He also highlighted a range of external factors that may influence the proposal, including expanded tower resilience requirements, evolving cyber security obligations and closer coordination with VicGrid and distribution networks. These developments may introduce changes to scope, cost, and timing, with further assessment underway ahead of the revised submission. Charlie Qin, Senior Regulatory Economist, outlined that AusNet is updating its operating expenditure forecast to reflect new information since lodgement. Key updates include revised easement land tax inputs following the latest Victorian Government notice, updated RY26 actuals tracking below forecast, an accounting treatment adjustment consistent with recent AER approaches including Software-as-a-Service costs, and increased AEMO participant fees driven by changes in allocation and AusNet's share. He also provided an update on a previously flagged network operations step change following engagement with VicGrid and AEMO, with associated costs likely to be included in the Revised Proposal. In aggregate, AusNet's total operating expenditure forecast for the period has reduced marginally since the initial proposal. Nigel then provided an update on two major in-flight projects where more detailed design and market-tested information is now available. He outlined that revised cost expectations for Red Cliffs Terminal Station reflect higher contracting costs relative to earlier estimates and refinement of assumptions made in 2023, with updated figures based on issued-for-construction design and market testing. He noted Shepparton Terminal Station is experiencing a similar pattern of increased costs, with additional scope change also contributing, including requirements arising through planning and compliance considerations (e.g. environmental/noise and related constraints). He noted both projects are progressing through AusNet's internal project change request process to secure additional funding to complete delivery. **Discussion included:** • A TSAP member asked whether project delivery outcomes were tracking in line with forecasts, beyond overall capital expenditure alignment. AusNet advised that while some projects are experiencing cost increases and may be reforecast, the overall program remains on track, with key projects progressing as planned or already underway. • A TSAP member asked whether the increase in AEMO participant fees was related to the transfer of responsibilities from VicGrid, and whether it reflected a change in AusNet's share of fees or an overall increase. AusNet clarified that the increase is not related to VicGrid responsibilities and is primarily driven by a

	change in the fee allocation methodology, along with an overall increase in AEMO participant fees across the market.
	• A TSAP member asked whether the operating expenditure allowance for growth assets is triggered when assets enter the regulatory asset base or funded in line with forecast timing. AusNet advised that growth assets operating expenditure is associated with assets that are completed and in service by the start of the period (i.e. projects affecting opex for 2027-32 are completed by 1 April 2027), reflecting contracts linked to those assets. All projects included relate to assets delivered within the current period, with associated costs recognised accordingly.
	• A TSAP member asked what has driven the decrease in the easement land tax compared to the initial proposal. AusNet clarified that a different valuation calculation from the State Revenue Office is the key driver of the land easement tax decrease.
	• A TSAP member asked if AusNet is continuously revisiting the project delivery timeline for projects that are proposed for the upcoming regulatory period. AusNet responded that they would evaluate and fine tune project timelines if there is a material change to timing and cost.
	• A TSAP member noted that the evolving cyber threat environment, including emerging risks associated with AI-enabled vulnerabilities, creates uncertainty around the scale and timing of future investment requirements.
	    o AusNet acknowledged that cyber security requirements are evolving rapidly, noting that some anticipated obligations are already publicly known, while other developments remain less transparent due to their sensitive nature and may result in expenditure that cannot be fully detailed in public processes.
	• A TSAP member asked how increasing security requirements may affect transparency and engagement, including whether additional security clearance requirements may be needed for stakeholders to meaningfully participate in future discussions.
	    o AusNet noted that both industry and regulators are still working through how to manage these challenges, including the potential need for cleared personnel, and that this remains an evolving area with limited clarity at present.
	• A TSAP member highlighted the potential for data centre demand and load flexibility to influence network augmentation requirements, including opportunities to reduce peak demand or provide system support.
	    o AusNet responded that, if managed effectively, data centre growth has the potential to improve system utilisation and reduce average costs, but emphasised that significant network investment will still be required, and that ensuring appropriate commercial and technical frameworks are in place will be critical

5. Expected engagement items for the Revised Proposal	Lia Mavrias, AusNet's Engagement Specialist, briefly outlined the timeline of the TSAP going forward. She noted that AusNet will be holding another TSAP session in August, following the release of the AER's Public Determination in mid-July. She also noted attendance to the August in-person session would be critical to discuss the outcome of the Draft Decision, engage on items for the Revised Proposal submission and to revisit the future TSAP arrangements for the regulatory period. **Discussion included:** • There were no comments or questions for this item.

6. New Connections update	Hitendra Joshi, AusNet's Head of Regulated Customer Connections, provided an update on improvements to the transmission connection process, noting a shift toward earlier and more proactive engagement with customers (including developers, DNSPs and VicGrid). He outlined that AusNet collaborates with VicGrid from the early stages of project development to better support navigation of roles, responsibilities and contracting pathways, improving transparency and reducing previous "black box" elements in the process. He highlighted progress against initiatives raised in prior TSAP deep dives, including improvements in pricing transparency, early cost and schedule estimates, general information sharing, and process visibility. This includes more detailed cost breakdowns, early-stage guidance on project feasibility, and enhanced materials outlining the end-to-end connection process. Hitendra also noted ongoing collaboration with VicGrid on capacity to connect information, as well as the rollout of a dedicated connections landing page to improve access and simplify customer engagement. Overall, the approach aims to support better-informed customer decisions earlier in the development lifecycle. **Discussion included:** • A TSAP member asked what feedback AusNet has received from customers on the revised connection processes and whether these have improved the customer experience. o AusNet responded that feedback has been consistently positive, particularly from repeat customers, with early engagement and provision of preliminary estimates improving clarity for investment decision-making, especially for larger and more complex projects. • A TSAP member asked whether supporting this more intensive engagement model has required additional resourcing. AusNet confirmed that it has significantly expanded its customer connections capability, with the core team to manage customer interface have approximately doubling in size and broader support functions (e.g. project development, finance, legal) also increasing to support higher demand and more complex project interactions.
7. Open floor, next steps and close	The Chair noted the next TSAP meeting is expected to occur in-person in August and may be the final meeting prior to submission of the Revised Proposal. He highlighted that this plan is subject to change depending on the AER's Draft Decision and whether further issues emerge that warrant additional engagement. The Chair noted that, while there is currently no intention for the TSAP to make a further submission on the Revised Proposal after submission, this may be reconsidered if material issues are identified, in which case additional meetings may be convened.
Wrap up	Tom thanked participants for their time and contributions and closed the session.

Action items

	Action	Assigned to	Status	Due
1	AusNet to notify the TSAP when the Draft Decision is published and forward joining information if they would like to join the AER's Public Determination	AusNet	Not started	July 2026
2	AusNet to confirm the in-person August session	AusNet	Complete	May 2026