TRR 2027-32

Transmission Stakeholder Advisory Panel (TSAP)

Summary Notes | Revised Proposal Engagement

Details	Members	AusNet Staff
10:00am to 3:00pm Thursday, 06 August 2026 In-person at AusNet office Chair: Glenn Orgias Secretariat: AusNet prepared draft, finalised by Chair Glenn Orgias	Glenn Orgias, Chair Harshal Patel Tennant Reed Rebecca Xuerub Roy Unny Gavin Dufty* Observers: Adam Petersen, AER Rabi Islam, AER Kirk Zammit, AER Alex Thorne, AER Apologies: Alex Crosby Tennant Reed Al Mills Andrew Richards Richard Robson	Liz Ryan, *EGM Transition* Tom Hallam, *General Manager Strategy & Regulation* Martin Cavanagh, *General Manager Security & Network Operations* Laura Walsh, *General Manager Network Management* Nigel Turner, *Head of Delivery Construction & Commissioning** Ross Dunbar, *General Manager Metering** Jessica Sharpe, *Physical Security Manager** Khai Ling Chan, *Price Review Manager* Stuart Dick, *Manager, Asset Management** Melanie Tan, *Director Network Development & Planning** Zoe Wright, *Manager Strategic Engagement & Insights* Carolina Peinado, *Manager Project Development* Lilly Ahadi, *Group Leader Transmission Lines Asset Management** Charlie Qin, *Senior Regulatory Economist* Andrew Ponsbory, *Senior Regulatory Economist* Lia Mavrias, *Engagement Specialist* Nicholas Gathercole, *Business Graduate* **Joined partially*

Key outcomes

The TSAP discussed the AER's Draft Decision and AusNet's proposed response via the Revised Proposal. Members noted that the AER had accepted the need for AusNet's major investment programs, with many of the remaining issues relating to project timing, supporting evidence and risk allowances. Members discussed AusNet's proposed response across major stations, asset replacement and resilience programs, digital expenditure, new compliance obligations and network operations responsibilities and provided feedback on the customer and network implications of the Draft Decision.

The TSAP acknowledged AusNet's intention to accept several elements of the Draft Decision and focus its Revised Proposal on areas where additional evidence, updated demand forecasts and further justification can be provided. Members discussed the balance between affordability, reliability, resilience and long-term customer outcomes, particularly in relation to major network projects and compliance programs.

Following a TSAP-only session, members agreed not to prepare an independent submission in response to the AER's Draft Decision, noting the highly technical nature of several outstanding matters and that the panel's views had already been extensively reflected throughout the engagement process.

Panel members commended the quality of AusNet's engagement, supporting information and subject matter expertise during the Transmission Revenue Reset. Members agreed that a future business-as-usual panel would add value to AusNet's implementation of the new regulatory period and suggested that site visits and ongoing updates would assist in maintaining understanding of network investments and project delivery.

Purpose & Agenda

AGENDA ITEM		PURPOSE	LED BY	TIMING
1	**Introduction**	Welcome and agenda	**Glenn & Tom**	**10:00am**
2	**Draft Decision**	Overview of the Draft Decision and our intended response	**Liz**	**10:10am**
3	**Major stations**	Provide update on the major stations program, including our response to the Draft Decision	**Laura / Mel**	**10:25am**
4	**Compliance & asset replacement**	Discuss the following and how we plan to respond: a) Tower resilience b) Low spans c) Conductor replacement programs d) Physical security	**Stuart / Jess**	**11:05am**
5	**Risk allowances & contractor incentives**	Discuss the Draft Decision and our approach for the Revised Proposal	**Tom / Carolina**	**11:50am**
6	**Digital expenditure**	Discuss the Draft Decision, our approach for the Revised Proposal, and a new initiative to align with AEMO's Transmission Systems Operations Capability Framework (TSCOF)	**Ross / Martin**	**12:50pm**
7	**New obligations**	Discuss the new step change driven from the new SOCI Enhanced CIRMP Rules requirements and the new proposed network operations step change (e.g. transfer of responsibilities)	**Ross / Martin**	**1:10pm**
8	**Other adjustments and revenue**	Summarise the "automatic" adjustments that will also impact our proposal (e.g. inflation updates) and the overall revenue & bill impact of the Revised Proposal	**Tom**	**1:50pm**
9	**TSAP transition to BAU panel**	TSAP-only session to decide whether to submit an independent report on the Revised Proposal, followed by a discussion on the transition to a BAU panel and opportunities to get involved	**Glenn / Tom**	**2:00pm**

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10	**Open floor, next steps & thank you**	An opportunity for the TSAP to ask questions and the next steps from here	**Liz**	**2:30pm**
				End by 2:50pm

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 and welcomed participants. Glenn outlined the purpose of the meeting: to help members understand the AER's Draft Decision, discuss potential customer impacts, consider whether the TSAP wished to prepare an independent report, and discuss the future of the panel.
2. Draft Decision	Liz Ryan, Executive General Manager Transmission, provided an overview of the AER's Draft Decision. She noted that the AER had accepted the need for all major network projects, recognised the importance of maintaining a safe and reliable transmission network, commended AusNet's stakeholder engagement, and acknowledged the work undertaken to support deliverability of the proposed program. Tom Hallam, General Manager Strategy & Regulation (Transmission), outlined AusNet's preliminary response to the Draft Decision. He noted that AusNet intends to accept several reductions proposed by the AER and focus its Revised Proposal on areas where additional supporting evidence can be provided, including updated demand forecasts, project cost and scope information, risk allowances and emerging compliance obligations. **Discussion included:** • A panel member sought clarification on how changes in interest rates between now and the AER's Final Decision could affect revenue outcomes. AusNet explained that the cost of equity is determined using a confidential sampling period over the final quarter of the year, while the cost of debt is updated annually. AusNet noted that this approach helps shield customers from short-term market movements. • A panel member discussed the increasing volume of proposed data centre developments and asked whether Victoria could limit connections in a similar manner to other jurisdictions. AusNet advised that decisions regarding the allocation of capacity and connection opportunities are made through broader planning processes led by VicGrid in consultation with distribution businesses and other stakeholders. AusNet contributes technical information into these processes but does not determine which proponents proceed. • A panel member asked what level of additional demand the network could support. AusNet provided an indicative estimate of future network capacity and noted that near-term constraints are increasingly linked to equipment availability and delivery timeframes. • Discussion focused on the AER's proposed removal of risk allowances from capital expenditure forecasts. AusNet explained that the allowances are intended to manage risks arising from external factors outside the business' direct control, such as supply chain disruptions, market conditions and changing regulatory requirements. Examples from the current regulatory period were provided where external factors had materially increased project costs. • A panel member asked whether AusNet could still proceed with major investments if risk allowances were not approved. AusNet advised that projects would still proceed where required, however if forecast risks materialise and no allowance has been approved, funding would need to be sourced from elsewhere within the program, potentially resulting in the reprioritisation or deferral of other works.

- AusNet noted that the treatment of risk allowances remains a significant area of discussion across the industry. It was observed that similar allowances have previously been accepted by regulators and that experience from the current regulatory period demonstrated that material project cost increases had occurred, supporting the case for retaining an evidence-based approach to forecasting risk.

3. Major Stations

Tom provided an overview of the AER's Draft Decision in relation to the Major Stations program. He noted that the AER had accepted the need for the major projects, with most reductions relating to project timing and the need for additional supporting evidence. AusNet outlined its intention to provide updated economic assessments based on the latest demand forecasts as part of the Revised Proposal.

Melanie Tan, Director Network Development & Planning, supported the discussion by providing updates on individual station projects and AusNet's proposed response to the AER's findings.

Discussion included:

- A member asked whether the projects that received no reductions from the AER were primarily those focused on protecting the 500kV backbone. AusNet explained that the AER had found the need case for the 500kV network particularly compelling and noted that many of the associated assets are already being replaced due to asset condition and increasing risk. AusNet added that, for some locations, there are now limited or no spare assets available.
- Members discussed the AER's removal of contractor incentives from project forecasts and whether this could impact deliverability or AusNet's ability to attract the best delivery partners. AusNet clarified that the removed incentives were performance-based incentives equivalent to only a small percentage of contract value. AusNet confirmed that contracts continue to contain performance requirements and standards and noted that experience from our distribution business suggested these specific incentives did not provide sufficient value for customers. AusNet further advised that any contractor incentives that may be used in the 2027-32 period would be funded by shareholders rather than customers.
- A member noted the significant increase shown in the demand forecasts in western Melbourne. AusNet explained that Newport station plays an important role in supporting the broader western metro network and that updated demand forecasts indicate stronger growth across the corridor, driven by residential growth, commercial development and the data centre pipeline. AusNet noted that the AER had deferred the Newport GIS replacement by two years and that updated demand forecasts would form a key part of justifying the original timing in the Revised Proposal.
- Members discussed the relationship between demand growth, generation retirements and network augmentation. AusNet noted that the planned retirement of generation assets such as Yallourn, combined with increasing load growth, heightens the importance of maintaining network capability and generation availability during the transition period.
- A member observed that a significant proportion of the forecast data centre load is already committed and reflects existing facilities increasing utilisation rather than solely new connections.
- Members sought clarification on how VicGrid's updated demand forecasts had been developed. AusNet advised that distribution network businesses provide customer load forecasts into the process, which are then incorporated into VicGrid's broader forecasting methodology. AusNet noted that sensitivity testing is also undertaken to demonstrate the impact that different demand scenarios have on a project's economic timing.
- AusNet highlighted that both the Newport and Thomastown projects were identified by the AER as highly sensitive to demand assumptions. AusNet advised that it intends to seek reinstatement of the original timing for both projects in the Revised Proposal.

It was noted that the projects had already been scheduled later than their economic timing due to deliverability considerations.

- Members discussed the key drivers behind the AER's Draft Decision for individual major station projects. AusNet explained that approximately 82% of major station expenditure had been accepted and that the primary area of disagreement relates to project timing rather than need. It was noted that, for many projects, AusNet intends to provide updated information rather than materially change its proposal.
- AusNet outlined how Project Change Request (PCR) documentation would be used to support projects where scope or costs have changed since the Initial Proposal. Members discussed examples where revised scope reflected additional requirements identified during project delivery, including changes arising from updated safety and environmental standards. AusNet noted that the AER reviews and challenges these changes and will only accept costs that are appropriately justified.
- Members discussed whether large data centre customers contribute to the network investment that supports their demand. AusNet advised that where a data centre directly triggers a network augmentation, it contributes to the cost of that connection. It was noted that costs become more difficult to allocate where impacts occur in the distribution networks. A panel member confirmed that large customers contribute to upstream works required for connection to the distribution network.
- AusNet provided an update on the recent Keilor Terminal Station transformer failure. AusNet advised that the A2 transformer had failed and been confirmed as irreparable, with a spare unit now being installed. It was also noted that another transformer briefly tripped shortly afterwards but was returned to service. Members sought clarification on the risks associated with operating without an equivalent spare. AusNet explained that the loss of spare capacity increases network and market risk, particularly during periods of high demand, and outlined that a number of mitigation measures are being assessed to manage this risk.
- A member asked whether the recent transformer failure strengthened the case for the proposed Keilor investment. AusNet agreed that the incident highlighted the benefits of the project and advised that updated assessments would reflect the increased risks associated with reduced spare capacity. AusNet further noted that VicGrid continues to be closely involved in the assessment process.
- Members discussed how transmission costs associated with large new loads are recovered. AusNet explained that direct connection costs are generally recovered from the connecting customer, however broader network costs are increasingly shared across the network once they flow through pricing arrangements. It was noted that Victorian pricing arrangements limit the use of location-based pricing approaches.
- A member asked whether the Newport upgrade could present social licence or delivery challenges given its location within a densely populated urban area. AusNet advised that its assessment was still underway and committed to considering these issues as part of project development.

4. Compliance & asset replacement	Tom Hallam, Stuart Dick, Manager, Asset Management (Transmission), Laura Walsh, General Manager, Network Management (Transmission) and Jessica Sharpe, Manager, Physical Security, provided an overview of the AER's Draft Decision relating to AusNet's asset replacement and compliance programs. The discussion focused on reductions made by the AER, the supporting evidence for key programs, and how AusNet intends to respond through the Revised Proposal.

Discussion included:

- A panel member asked whether the physical security program had previously been supported by a cost-benefit analysis. AusNet advised an updated cost-benefit analysis would be submitted with the Revised Proposal.
- A panel member asked how Home Affairs' advice informs the program. AusNet noted external advice supports decision-making, but expenditure must still be justified through regulatory processes.
- Panel members expressed concern that the Draft Decision may reduce resilience service levels and increase the risk faced by customers. AusNet noted recent tower damage highlighted the importance of network resilience and emergency response capability.
- A panel member asked who bears the cost of 3rd party tower damage events. AusNet explained restoration is prioritised first, with cost recovery pursued afterwards where appropriate.
- AusNet highlighted the disruption and cost impacts resulting from recent 3rd party tower damage and clarified that the withstand one-in-400-year event tower standard is based on Australian Standards, with some replacement towers designed to even higher standards.
- Panel members highlighted the potential for increased wholesale prices, load shedding risk and reduced operational flexibility if resilience works are deferred.
- A panel member questioned why the AER had reduced the program given the supporting analysis. An AER representative noted the Draft Decision was based on treating the resilience program as a reliability-driven investment, which was how it was presented in AusNet's Initial Proposal.
- A panel member sought clarification on the scope of the low span program. AusNet advised that the highest-priority spans would be addressed first, with remaining works completed according to risk and program requirements.
- A panel member asked whether AusNet had previously been aware of groundwire weight issues. AusNet explained the program is largely driven by updated engineering assessments and also provides resilience benefits.
- A panel member queried the interaction between the groundwire ratings compliance program, which involves tower strengthening, and the tower resilience program. AusNet advised that the groundwire program primarily affects the 220 kV network and would not materially impact the 500 kV resilience-related strengthening works discussed.
- A panel member sought clarification on the physical security measures proposed across different site tiers. AusNet explained investment levels were determined by site criticality and cost-benefit analysis, with the most protective measures and, therefore, the most cost concentrated at the most critical sites.
- A panel member queried how site criticality had been assessed. AusNet advised the methodology would be included in the Revised Proposal and is largely consequence-based.
- A panel member asked whether the program aligns with updated SOCI obligations. AusNet confirmed the proposed approach reflects enhanced SOCI requirements.

5. Risk allowances & contractor incentives

Carolina Peinado, Manager, Project Development discussed contractor incentives and AusNet's approach to risk allowances within the capital program. The discussion focused on risk assessment methodologies, contingency allowances, and the supporting evidence provided to the AER.

	Discussion included: • A panel member asked whether risk assessments are undertaken individually for each project. AusNet explained that project-level risk assessments are completed and submitted to the AER, including optimistic and worst-case scenarios, with more detailed supporting analysis being provided as part of the Revised Proposal. • A panel member asked whether the AER had recommended the use of Monte Carlo analysis. AusNet advised that the AER requires the use of a probabilistic technique and Monte Carlo analysis was selected by AusNet as the preferred methodology and is considered industry standard. • A panel member asked whether historical project information is used to validate risk assumptions. AusNet explained that while there is no single database for completed projects, recent project budgets and outcomes, particularly from the post-COVID period, are used to benchmark estimates and inform forecast assumptions. • A panel member asked whether governance arrangements exist for drawing down contingency funding. AusNet explained that two forms of contingency are maintained, a P50 contingency and a management reserve, noting that only the P50 allowance has been included in its proposal to the AER. Drawing down of management reserve is overseen by internal governance processes.
6. Digital expenditure	Tom, Ross Dunbar, General Manager of Metering, and Martin Cavanagh, General Manager of Security & Network Operations, provided an overview of the AER's Draft Decision on AusNet's Digital Proposal. The discussion focused on areas accepted by the AER, proposed revisions for the Revised Proposal, cyber security obligations, AEMS investments, and the practical implications of meeting evolving regulatory requirements. **Discussion included:** • A member asked about the timing of the proposed investments that align with the AESCSF target state accepted by the AER. AusNet explained that the program is designed to achieve the target maturity level by the end of the regulatory period, although the AER considers some proposed investments may not be necessary to reach that outcome. • A member asked how achievement of the target state would be demonstrated. AusNet advised that formal audits and benchmarking activities, including with AEMO, are used to assess progress and cyber maturity. • A member questioned whether some investments should be delivered sooner given current cyber security risks. AusNet agreed on the importance of the investments but noted delivery must occur through established planning and regulatory processes, with priorities continually reviewed.
7. New obligations	Ross provided an overview of new expenditure proposed in response to the Security of Critical Infrastructure (SOCI) Enhanced CIRMP Rules and emerging network operations responsibilities. AusNet explained that the finalised SOCI requirements have created new compliance obligations relating to cyber security, personnel security, supply chain management, physical security and operational resilience. AusNet also outlined a proposed network operations uplift associated with responsibilities that are transitioning from AEMO, noting that these functions are already performed separately from AEMO in other jurisdictions and are intended to improve operational accountability and coordination. **Discussion included:** • A member sought clarification on the practical implications of operating in an isolated environment during a cyber or security event. Discussion focused on the systems and services that would remain available under these arrangements and how critical business functions would continue operating if access to corporate systems was restricted. AusNet explained that the program is intended to ensure

critical operational systems remain available while less essential services can be isolated if required.

- Members discussed customer communications during major incidents and queried how customers would continue receiving outage and service information if systems were isolated. AusNet confirmed that maintaining critical customer communications would remain an important consideration within its business continuity planning arrangements.
- A member asked when AusNet would be confident that the proposed SOCI investments would provide sufficient resilience against future threats. AusNet noted that the program is designed in response to increasing cyber security expectations from the Australian Signals Directorate (ASD), Home Affairs and other agencies, recognising that threat environments continue to evolve and require continual improvement.
- Members asked what AusNet meant by shared infrastructure. AusNet explained that many operational systems currently rely on common infrastructure and connections, and that elements of the SOCI program are intended to provide greater separation and resilience between systems supporting operational technology and broader corporate functions.
- Members sought clarification on the personnel security requirements and the distinction between different categories of workers who may require access to critical systems. AusNet explained that the approach is consistent with other transmission network businesses and reflects the new obligations contained within the SOCI framework.
- Members sought further information on the proposed patching program. AusNet advised that the expectation from government agencies is to move towards more timely, risk-based patching processes, with critical vulnerabilities requiring significantly faster responses than current practices. AusNet noted that this approach has been developed through engagement with AEMO, ASD and Home Affairs.
- A member asked whether the new CIRMP obligations would affect AusNet's ability to achieve its existing cyber security maturity targets. AusNet confirmed that it expects to achieve both compliance to enhanced SOCI CIRMP obligations and AESCSF Security Profile 3 targets within the 2027-32 regulatory period. It was noted that many of the proposed expenditures accelerate or expand existing cyber security programs rather than replace them.
- A member sought clarification on whether AusNet would be responsible for dispatching generation as part of these changes. AusNet advised that while it would operationally dispatch generation if AEMO was unable to perform that function in an emergency, the market would be suspended, so market dispatch would also be suspended. It would assume additional responsibilities relating to network operations, contingency planning and emergency coordination.
- Members discussed how the new arrangements could operate where other privately delivered transmission assets form part of the broader network. AusNet explained that arrangements would need to be developed with those asset owners, while existing declared transmission operators would continue to be incorporated into AusNet's operational planning processes.
- A member asked whether the additional network operations responsibilities would increase costs for customers. AusNet advised that these are existing functions currently undertaken elsewhere in the market and are not new services. AusNet explained that its proposal reflects the cost of undertaking those responsibilities and noted that the AER may seek input from AEMO when considering the proposed expenditure.
- Members sought clarification on whether operational personnel would transfer from AEMO to AusNet. AusNet advised that there is no direct transfer of staff, however

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	AEMO is providing training and supporting the handover of information and responsibilities. • A member asked how the changes would affect the broader National Electricity Market. AusNet explained that Victoria has been operating differently to other jurisdictions and that the proposed arrangements would align Victoria more closely with operational practices in other states. • Members discussed the expected transition timeline. AusNet advised that contingency planning responsibilities are expected to commence from 1 September, with a broader transition period extending beyond that date while training and handover activities continue. AusNet noted that some costs are already being incurred as part of the transition process. • A member queried whether AEMO should continue funding some of the activities during the transition period. AusNet advised that there would be no duplication of expenditure as AEMO is only able to recover its actual costs, and noted that any savings achieved through the transfer would ultimately be reflected through existing regulatory arrangements. • A member asked about workforce requirements and the availability of suitably skilled personnel. AusNet advised that it already has capability within the business, supported by both experienced personnel and early-career employees who can be trained to undertake the new responsibilities.
8. Other adjustments and revenue	Tom summarised the expected revenue and bill impacts associated with the Revised Proposal. He outlined a number of "mechanical" adjustments that will be reflected in the Revised Proposal, including updates to actual capex and opex outcomes, inflation assumptions, the opening regulated asset base and the upcoming 2026 Rate of Return Instrument. Tom noted that, while work was still underway, AusNet expected the Revised Proposal to include lower expenditure than the Initial Proposal, with an estimated residential bill impact of approximately $44 by the end of the regulatory period. He also highlighted that changes in expenditure would need to be considered alongside broader revenue drivers such as inflation and financing assumptions. **Discussion included:** • A member noted that they were comfortable with the overall narrative being presented and felt the story behind the Revised Proposal was clear. • A member asked whether any further significant capital expenditure programs were expected to be added to the Revised Proposal. AusNet confirmed that no additional major capital expenditure programs were anticipated beyond those already discussed. • A member observed that, despite the size of the proposed investment and the associated bill impacts, there appeared to have been relatively little public attention or media coverage compared with expectations. AusNet noted that this outcome was not surprising given the broader energy industry developments currently attracting public attention, including data centres, renewable energy developments and distribution network issues. AusNet explained that the Proposal is largely focused on maintaining and replacing existing transmission assets rather than delivering major new growth infrastructure and, while the expenditure is substantial, there are larger and more visible energy-related investments currently being discussed publicly.
9. TSAP transition to BAU panel	Glenn led a discussion on the potential for the TSAP to prepare an independent submission in response to the AER's Draft Decision. Tom Hallam and Liz Ryan then facilitated a discussion on the future of the TSAP and the potential transition to an ongoing business-as-usual (BAU) engagement panel. AusNet representatives left the room during the TSAP-only portion of the discussion.

	Discussion included: • The TSAP reflected on AusNet's proposed response to the Draft Decision and the supporting evidence developed throughout the review process, agreeing on not preparing a separate submission in response to the Draft Decision, noting its limited ability to contribute to highly technical resilience-related matters. • A panel member noted support for AusNet's proposed approach, while highlighting deliverability as an area warranting further consideration. AusNet provided an update on deliverability, noting ongoing positive market responses and efforts to expand delivery partnerships and prepare for future regulatory periods. • A panel member suggested future membership could include additional digital and cyber security expertise to support discussions on emerging technology, operational technology and business continuity risks. • Panel members supported the concept of a continuing panel and suggested quarterly meetings focused on accountability, transparency, expenditure outcomes and delivery progress. • A panel member requested that AusNet formally review membership arrangements and re-establish the panel following the current process. AusNet agreed and noted this would provide existing members an opportunity to reconsider their participation in future engagement activities. • Panel members commended the quality of AusNet's presentations, supporting information and subject matter expertise throughout the review process. • AusNet sought feedback on opportunities to improve engagement, including the level of technical language used in presentations. Panel members noted that while some technical concepts were challenging, AusNet staff were approachable and opportunities for informal discussions were valuable. Face-to-face engagement was considered particularly beneficial. • AusNet suggested future site visits could form part of the engagement program to provide visibility of project delivery and outcomes. Panel members supported this approach, noting previous site visits had improved understanding of network investments and would assist with ongoing accountability. • A panel member noted that maintaining a standing panel would reduce the learning curve experienced at the beginning of each regulatory review and support more effective participation in future processes.
10. Open floor, next steps and thank you	Liz and Tom thanked panel members for their ongoing contribution throughout the Transmission Revenue Reset process and acknowledged the significant time, expertise and challenge they had provided. AusNet confirmed the panel would be kept informed following the AER's Final Decision and as arrangements for the future business-as-usual panel progress. Tom thanked members for their participation and formally closed the meeting.
Separate panel member briefing	Following the meeting, at the request of a panel member, AusNet provided a one-hour briefing to two members, representing large customers, who were unable to attend the TSAP session on 06 August. **Discussion included:** **Major stations** • A member noted that some investments may appear inefficient within a single regulatory period but provide benefits over a much longer timeframe. They encouraged the consideration of longer-term customer outcomes when assessing projects, while balancing current cost-of-living pressures. • A member asked whether AusNet was comfortable that the project deferrals proposed in the Draft Decision would not compromise system security. AusNet advised that it was comfortable with some deferrals but not others.

- A member noted that where projects proceed without sufficient flexibility for unforeseen risks, cost pressures may emerge later in the delivery process. Examples from elsewhere in the industry were discussed as illustrations of the challenges associated with delivering large infrastructure projects without adequate contingencies.
- A member observed that there is often tension between achieving short-term customer savings and achieving the most efficient long-term outcomes. It was noted that reducing expenditure in the near term can lead to higher costs in future periods if investment is deferred.
- Members discussed the extent to which large data centre developments fund the network investments required to support them. AusNet explained that where a customer directly triggers a connection asset, those costs are recovered from the connecting party through negotiated services. However, broader network impacts are more difficult to allocate directly.
- A member asked how much of the difference between the 2024 and 2026 demand forecasts was attributable to data centres compared with broader electrification trends. AusNet advised that the forecasts are developed by VicGrid with significant input from distribution businesses and reflect a combination of factors, including data centre growth, electrification and electric vehicle uptake. AusNet further noted that even under lower data centre growth scenarios, several major projects remain economically justified.

New obligations

- A member asked how much of the proposed SOCI expenditure would continue into future regulatory periods. AusNet advised that a significant portion of the ongoing expenditure relates to relocating critical operational support functions from offshore locations to Victoria and noted that some level of ongoing operating expenditure would likely be required to maintain the enhanced level of security and resilience beyond the current regulatory period.

Other adjustments and revenue

- Members discussed how revenue increases translate to large commercial and industrial customers and noted that bill impact messaging is generally easier for residential customers. It was observed that, while transmission revenue may increase, the impact on individual customers may be moderated by demand growth and increased utilisation across the network.
- Members sought clarification on whether the reported bill impacts include Easement Land Tax (ELT). AusNet advised that the forecast had been updated using actual expenditure outcomes and noted that lower ELT costs had reduced the allowance.
- Members discussed the relationship between forecast demand growth and customer bill impacts. AusNet advised that the forecasts are based on broader demand assumptions and noted that increasing energy consumption across the network can moderate the impact on unit costs, even where overall revenue increases.
- Members commented that communicating bill impacts to large commercial and industrial customers can be challenging due to bespoke tariff arrangements. AusNet acknowledged the feedback and agreed that providing context around demand growth and network utilisation would help explain why increases in revenue do not necessarily translate directly into equivalent increases in customer bills.
- AusNet noted that a significant portion of the forecast revenue increase is driven by higher financing costs, including interest rates, and agreed this further considered should be given to how this context can be communicated alongside bill impact information.

Transition of the TSAP to a BAU panel

- A member asked where the TSAP had landed on preparing an independent report following its private session. AusNet advised that the TSAP had decided not to prepare an independent report on the Revised Proposal,
- Members complimented the quality of information provided throughout the TSAP process and the high standard of engagement. It was noted that the discussions had been constructive, well-informed and valuable in building understanding of the transmission sector.
- Members commented that, having participated in numerous engagement and advisory processes, the TSAP had been one of the stronger examples of effective stakeholder engagement.

Action items

	Action	Assigned to	Status	Due
1	AusNet to notify the TSAP when the AER releases its Final Decision and provide an update on the key outcomes and implications for the transmission network.	AusNet	Not started	January 2027
2	AusNet to contact panel members with information on the business-as-usual panel, including application details and anticipated timeframes.	AusNet	Not started	October 2026
3	Panel members to express interest in re-applying for the BAU TSAP panel	AusNet	Underway	October 2026