1 September 2026

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Ms Clare Savage
Chair
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Dear Ms Savage,

AUSNET TRANSMISSION REVENUE RESET 2027-32 – REVISED PROPOSAL

Please find attached AusNet Transmission's Revised Proposal for the regulatory control period 1 April 2027 to 31 March 2032. This responds to the Australian Energy Regulator (AER) Draft Decision in accordance with the National Electricity Rules. Our Revised Proposal and necessary supporting information have been provided through the AER's secure document portal.

We welcome the AER's recognition that an increase in expenditure is needed in the 2027-32 period to manage the safety, security and reliability of the transmission network. We remain committed to the core program of network projects in the Initial Proposal, and which were largely accepted in the Draft Decision, particularly the core 500kV network projects addressing asset failure risks along the backbone of the transmission network.

We have also accepted many of the changes made in the Draft Decision, including delays to asset replacement at Hazelwood and Thomastown Terminal Stations, the removal of the Wodonga spare transformer project and the Dederang Terminal Station contingent project, the removal of risk allowances from unit rates, and the removal of contractor incentives. In addition, we are not seeking to re-propose expenditure where the changes made by the AER are relatively small. This allows the Revised Proposal to focus only on material issues that have a genuine impact on service levels for customers. Where we are not accepting the AER's Draft Decision, we have provided new information and analysis to support our position. This includes updated models, new external reports, improved justification of project benefits, and more.

As well, since the lodgement of our Initial Proposal in October 2025, we have received new information that has impacted our plans for the next regulatory period. This includes new Security of Critical Infrastructure (SOCI) regulations, updated 2026 demand forecasts from VicGrid, and market-tested costs for in-flight projects. More recent inflation and interest rates are also available, which influence our calculation of revenue. Therefore, in addition to responding to the AER's questions and concerns raised in the Draft Decision, we have also updated our Revised Proposal to reflect this new information.

As a result of these changes, the overall expenditure proposed has fallen relative the Initial Proposal. Offsetting lower expenditure, higher interest rates have increased the revenue requirement in the Revised Proposal, from $4,696M in the Initial Proposal to $4,893M (nominal).

In total, our Revised Proposal will result in an increase in the annual bill for a typical residential customer from $131 in 2027 to $174 in 2032. For small business customers, it will result in an increase in annual bills from $327 in 2027 to $435 in 2032. For large commercial & industrial customers on a demand contract, it will result in a 33% nominal increase in the transmission component of the bill.

In the context of significant investment in transmission augmentation from VicGrid's Victorian Transmission Plan and AEMO's Integrated System Plan, increasing investment in electricity distribution and broader cost-of-living pressures, we do not propose these increases lightly. The expenditure in our Revised Proposal and resulting bill impact is necessary to maintain the reliability, security and safety of the transmission network, keeping the lights on for Victorians.

I would like to take this opportunity to thank the AER and its staff for their engagement throughout the process to date. I look forward to discussing our Revised Proposal with the AER in the coming months.

Yours sincerely,

David Smales
CEO
AusNet