



Letter from Matthew C Brooks

28 September 2026

To: The Australian Energy Regulator (AER)

Via Email: AERresets2027-32@aer.gov.au

AER Reference: AER24009262

Subject: Submission in Response to the AER Draft Decision on the AusNet Services Transmission Decision 2027–32 (1 April 2027 to 31 March 2032)

Introduction

My interest in the AER's Draft Decision arises from its relevance to my independent research into energy policy and planning, particularly the economic regulation of monopoly network service providers.

Regarding publication, I do not request any redactions and consent to my submission being published in full, including my name and contact details.

In my opinion, the AusNet proposal in December 2025 and the revised proposal in September 2026 are high-quality documents and I have respect for AusNet and its staff.

Executive Summary

In its December 2025 regulatory proposal to the AER, AusNet provides the AER with the statement:

"..in delivering this plan .. VicGrid is likely to issue directions to AusNet .. which will result in increased costs of a magnitude not seen in recent decades."

AusNet's warning that VicGrid-directed augmentation may generate cost increases "of a magnitude not seen in recent decades" raises two material regulatory issues for the 2027-2032 period.

First, whether AusNet has demonstrated the organisational, workforce, contractor, supply-chain and outage capacity required to deliver its existing replacement and maintenance program concurrently with substantial augmentation activity.

Second, whether the regulatory framework provides sufficiently transparent and rigorous ex-post scrutiny of the prudence and efficiency of VicGrid-directed expenditure before those costs are incorporated into the regulatory asset base (RAB) and recovered from consumers.

I submit that the Final Decision should address both matters expressly.

1. Deliverability Risk in the Capital Program

In the Draft Decision, the AER cut the capex largely because of deliverability concerns. A key issue for the Final Decision is whether AusNet can realistically deliver its replacement and maintenance program while simultaneously participating in an unprecedented level of transmission augmentation activity arising from the Victorian Transmission Plan.

The Final Decision should explicitly address the interaction between VicGrid-directed augmentation and the AER's assessment of AusNet's forecast capital and replacement expenditure for 2027-2032.

In AusNet's regulatory proposal, they express the risks in clear terms (see **Appendix A**).

The AER should require clear evidence regarding labour availability, contractor capacity, equipment supply chains, outage coordination, and project sequencing before accepting any increase in forecast expenditure.

Question for the Final Decision.

Q1. Has AusNet demonstrated, to the AER's satisfaction, that it has sufficient internal workforce, contractor, specialist-equipment, supply-chain and outage capacity to deliver its replacement and maintenance program concurrently with major VicGrid-directed augmentation? If so, what evidence supports that conclusion?

2. VicGrid Directions Should Not Bypass Regulatory Scrutiny

The rejection of the proposed VicGrid pass-through mechanism in the Draft Decision is appropriate. However, the Final Decision should provide additional clarity regarding how VicGrid-directed augmentation expenditure will be assessed before being rolled into the regulatory asset base at future resets.

AusNet's parent company has stated in its SEC filings in the USA that a feature of their business planning for AusNet is to grow the RAB. In Appendix B of my submission, I comment on the relevant SEC filing and draw important matters to the attention of the AER in making their decision. Including disclosures of existing contract (for WRL) and its valuation, under SEC rules.

Investment growth in the RAB may be commercially attractive to AusNet's owners. That commercial incentive is not, of itself, objectionable. It does, however, reinforce the importance of rigorous regulatory scrutiny before augmentation expenditure is ultimately incorporated into the RAB.

The central consumer-protection issue is therefore not merely whether expenditure is directed, but when, how and against what evidentiary standard its prudence and efficiency will be tested.

Questions for the Final Decision.

Q2.1 What specific prudence and efficiency tests will the AER apply at the 2032 reset to VicGrid-directed capital expenditure incurred during 2027-32, including expenditure affected by scope changes, schedule delay or cost overruns, before determining the amount eligible for inclusion in AusNet's RAB?

Q2.2 Can the AER provide a worked example, preferably supported by a process flowchart, showing how expenditure incurred by AusNet on a VicGrid-directed project such as the WRL during 2027-2032 would be assessed and, where appropriate, incorporated into the RAB at the 2032 reset?

3. Require Scenario Testing for VNI West, WRL and Related Investments

Where proposed replacement investments are closely linked to uncertain future network configurations, the AER should require evidence that expenditure remains prudent under a range of plausible development scenarios, including cancellation, delay, rescoping or changed commissioning dates.

Question for the Final Decision.

Q3. Has AusNet demonstrated that proposed 500 kV replacement investments remain economically justified under reasonable alternative scenarios involving changes to the timing or scope of major augmentation projects?

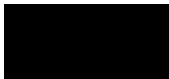
Conclusion

AusNet itself identifies an exceptional augmentation environment; the AER itself identifies deliverability risk; therefore, the Final Decision should make explicit findings about delivery capacity, ex-post expenditure scrutiny, and scenario robustness.

I would welcome the opportunity to provide any further clarification that may assist the AER in its final decision.

(My submission includes Appendices A and B.)

Yours sincerely,



Matthew Brooks

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Mobile: [REDACTED]



Appendix A

Extract from AusNet's Regulatory Proposal December 2025 - the basis for the AER's Draft Decision

AusNet Transmission Revenue Reset 2027-32 – Revenue Proposal page **190**

"While VicGrid's powers to direct augmentation are comparable to previous powers held by AEMO, we consider that the scale of the augmentations that we may be directed to deliver would be of a much larger magnitude. We have a reasonable basis for this belief for the following reasons:

- The new obligations under amendments to the National Electricity (Victoria) Act conferred on VicGrid to develop a Victorian Transmission Plan (VTP). In particular, the key objectives of the VTP as set out in the National Electricity (Victoria) Act 2005 (Vic) (NEVA) are to deliver transmission services consistent with a least-regrets development pathway and to achieve the targets set by Victorian legislation for reducing Victoria's greenhouse gas emissions.
- The VTP provides a long-term strategic plan to develop transmission infrastructure and renewable energy zones (REZs) in Victoria. The 2025 VTP identifies the location of new transmission lines, network upgrades, and renewable energy projects over a 15-year planning horizon. The cost of augmentation works in the 2025 VTP is approximately \$7.9 billion.
- We consider that in delivering this plan, VicGrid is likely to issue directions to AusNet to construct some of these augmentations, which will result in increased costs of a magnitude not seen in recent decades."

Appendix B

Extract from AusNet's Parent Company's Securities and Exchange Commission (SEC) filing 31 December 2025 - "Form N-CSR"

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-23863

BROOKFIELD INFRASTRUCTURE INCOME FUND INC.
(Exact name of registrant as specified in charter)

Brookfield Place
225 Liberty Street, 35th Floor
New York, New York 10281-1048
(Address of principal executive offices) (Zip code)

Brian F. Hurley, Esq.
Brookfield Infrastructure Income Fund Inc.
Brookfield Place
225 Liberty Street, 35th Floor
New York, New York 10281-1048
(Name and address of agent for service)

(855) 777-8001
Registrant's telephone number, including area code

Date of fiscal year end: December 31

Date of reporting period: December 31, 2025

Extract from Page 4 of the SEC filing in the USA for the year ending 31 December 2025.

Australian Electric Transmission (AusNet Services)

AusNet is a portfolio of four distinct regulated and contracted utility businesses in Victoria, Australia, with over 60,000 kilometers of electricity transmission and distribution lines. During the year, AusNet executed a number of initiatives to strengthen grid resilience and support the energy transition in Victoria. A key milestone was achieved in the fourth quarter at Western Renewables Link ("WRL"), a ~A\$4 billion 500-kilovolt transmission augmentation project expected to enable approximately 3 GW of additional renewable energy capacity for the state. AusNet finalized the commercial framework with the Victorian Government and executed a binding construction contract for WRL, helping to de-risk execution and improve visibility on capital deployment and potential returns. In addition to WRL, AusNet advanced its broader regulated and contracted capital program, supporting growth in the regulated asset base and positioning the business for sustained, inflation-protected earnings growth.

My comment in relation to the AusNet disclosure under SEC reporting requirements:

The regulatory incentive deserves explicit consideration. AusNet operates a capital-intensive regulated network in which approved capital expenditure may ultimately contribute to growth in the regulatory asset base and, through the regulatory framework, to future transmission revenues recovered from customers. Against that background, AusNet's own warning that VicGrid-directed augmentation may produce cost increases "of a magnitude not seen in recent decades" raises an important consumer-protection issue.

The issue is not whether RAB growth is inherently inappropriate.

Rather, where substantial capital expenditure can expand the asset base from which regulated revenues are derived, the regulatory framework must provide sufficiently rigorous scrutiny of whether that expenditure is prudent, efficient and appropriately allocated before consumers bear the resulting costs.

This makes the AER's role particularly important where AusNet may incur unusually large VicGrid-directed augmentation expenditure during 2027-2032.