



Independent auditor's report to the Directors of AusNet Transmission Group Pty Ltd on the Regulatory Reporting Statements for the regulatory years 2008 – 2015

We have audited the accompanying Regulatory Reporting Statements of AusNet Transmission Group Pty Ltd ("the Licensee"), which comprises the Actual Historical Financial Information for the regulatory years 2008 – 2015 contained in templates 2.14, 2.17, 7.4 and 7.5 prescribed by the Regulatory Information Notice ("RIN") issued under Division 4 of Part 3 of the National Electricity (Victoria) Law by the Australian Energy Regulator ("the AER") on 1 September 2015 for the purpose of making a transmission determination for the regulatory control period commencing on 1 April 2017 and ending on 31 March 2022 ("the Notice").

Directors' responsibility for the Regulatory Reporting Statements

The Directors of the Licensee are responsible for the preparation of the Regulatory Reporting Statements which comprises the Actual Historical Financial Information for the regulatory years 2008 – 2015 contained in templates 2.14, 2.17, 7.4 and 7.5 in accordance with the Notice and for such internal control as the Directors determine necessary to enable the preparation of the Regulatory Reporting Statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Regulatory Reporting Statements based on our audit. We conducted our audit in accordance with the Australian Auditing Standards ASA 805 *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*. These Auditing Standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Regulatory Reporting Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Regulatory Reporting Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Regulatory Reporting Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Licensee's preparation of the Regulatory Reporting Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Licensee's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Regulatory Reporting Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's opinion

In our opinion, the accompanying Regulatory Reporting Statements of AusNet Transmission Group Pty Ltd, which comprises the Actual Historical Financial Information for the regulatory years 2008 – 2015 contained in templates 2.14, 2.17, 7.4 and 7.5 are prepared, in all material respects, in accordance with the requirements of the Regulatory Information Notice issued under Division 4 of Part 3 of the National Electricity (Victoria) Law by the Australian Energy Regulator on 1 September 2015 for the purpose of making a transmission determination for the regulatory control period commencing on 1 April 2017 and ending on 31 March 2022 (“the Notice”).

Basis of Preparation and restriction on distribution and use

The Regulatory Reporting Statements which comprises the Actual Historical Financial Information have been prepared based on the Basis of Preparation as prescribed by the Notice. This report and the accompanying Regulatory Reporting Statements have been prepared for the Directors of the Licensee, AusNet Transmission Group Pty Ltd, for their purpose in fulfilling their regulatory reporting obligations under the Notice. As a result, the report and the accompanying Regulatory Reporting Statements may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the Regulatory Reporting Statements to which it relates, to any person other than the Directors of the Licensee and the AER or for any other purpose than that for which it was prepared.

KPMG

KPMG

M. Villanelo

Mithra Villanelo
Partner

Melbourne

27 October 2015



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Instructions

CPI														
ABS CPI index (old base)														
ABS CPI index (rebased index)														

Actual and estimated inflation	Actual										Estimated	
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Actual CPI - Dec quarter (old base)												
Actual CPI - Dec quarter (rebased in Sep 2012)												
Actual inflation rate (consistent with annual revenue adj)												
Actual inflation rate (lagged by one year)												
Reconstructed cumulative index (2016-17=1)												

TABLE 7.5.1 - The carryover amounts that arise from applying the EBSS during the current regulatory control period

	Previous period \$m, real 2007-08				Current regulatory control period \$m, real 2013-14			Previous period \$m, real 2016-17				Current regulatory control period \$m, real 2016-17		
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total opex allowance	163.7	171.3	168.6	176.8	185.1									
Approved excludable costs - allowance														
Equity raising costs	1.6	1.5	1.4	1.4										
Opex glide path	5.1	3.4	1.7	0.0										
Easement land tax	82.3	91.0	88.7	98.0	100.9									
Self insurance	2.1	2.1	2.1	2.1	1.7									
Rebates made under the Availability Incentive Scheme	2.8	2.8	2.8	2.8	2.3									
Debt Raising costs	1.1	1.1	1.1	1.1	1.5									
Priority projects approved under STPIS network capability component					0.0									
Movements in provisions related to opex	2.2	2.2	2.2	2.2	0.0									
Capitalisation policy changes	0.0	0.0	0.0	0.0	0.0									
Other adjustments or exclusions required by the EBSS	0.0	0.0	0.0	0.0	0.0									
Forecast opex for EBSS purposes	66.5	67.3	68.6	69.3	78.7	0.0	0.0							

	Previous period \$m, Actual				Current regulatory control period \$m, Actual			Previous period \$m, real 2016-17				Current regulatory control period \$m, real 2016-17		
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total opex	168.4	172.1	175.5	186.2	188.3									
Approved excludable costs														
Equity raising costs	0.0	0.0	0.0	0.0										
Opex glide path	0.0	0.0	0.0	0.0										
Easement land tax	93.3	99.3	99.3	103.4	103.4									
Self insurance	2.3	2.3	2.4	2.5	1.7									
Rebates made under the Availability Incentive Scheme	2.6	2.2	2.0	3.1	2.4									
Debt Raising costs	0.0	0.0	0.0	0.0	0.0									
Priority projects approved under STPIS network capability component					0.3									
Movements in provisions related to opex														
Opex associated with approved cost pass through	0.0	0.0	0.0	0.0	0.0									
Capitalisation policy changes	0.0	0.0	0.0	0.0	0.0									
Other adjustments or exclusions required by the EBSS	0.0	0.0	0.0	0.0	0.0									
Actual opex for EBSS purposes	69.5	67.0	69.2	74.4	80.8	0.0	0.0							

Incremental gain (\$m, 2016-17)

	Current regulatory control period			Forthcoming regulatory control period					Total
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	

TABLE 7.5.2 - Proposed forecast opex for the EBSS for the forthcoming regulatory control period

	Forthcoming regulatory control period \$m, real 2016-17				
	2017-18	2018-19	2019-20	2020-21	2021-22
Forecast opex					
Less excluded costs					
< Enter category proposed for exclusion > eg. Debt raising costs					
Adjusted forecast opex (\$m, 2016-17)					