



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

We have reviewed the accompanying Regulatory Reporting Statements of AusNet Transmission Group Pty Ltd (“the Licensee”), which comprises the Estimated 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 Estimated 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 a conclusion on the preparation and presentation of the Regulatory Reporting Statements in accordance with the requirements of the Notice.

We conducted our review in accordance with Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report* in order to state whether, on the basis of our review procedures, anything has come to our attention that causes us to believe that the Regulatory Reporting Statements, which comprises the Estimated Historical Financial Information, are not prepared, in all material respects, in accordance with the requirements of the Notice.

A review of the Regulatory Reporting Statements consists of making enquiries, primarily of persons responsible for the estimated historical financial information and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit or a reasonable assurance engagement conducted in accordance with Australian Auditing and Assurance Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or a reasonable assurance engagement. Accordingly, we do not express an audit or a reasonable assurance opinion.



Inherent limitations

Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our review is not designed to detect all weaknesses in the Regulatory Reporting Statements and the Licensee's compliance measures, as the review has not been performed continuously throughout the period and the procedures performed on the Regulatory Reporting Statements were undertaken on a test basis.

Independence

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

Auditor's conclusion

Based on our review, which is not an audit or a reasonable assurance engagement, nothing has come to our attention that causes us to believe that the accompanying Regulatory Reporting Statements of AusNet Transmission Group Pty Ltd, which comprises the Estimated Historical Financial Information for the regulatory years 2008 – 2015 contained in templates 2.14, 2.17, 7.4 and 7.5 are not 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.

Basis of Preparation and restriction on distribution and use

The Regulatory Reporting Statements, which comprises the Estimated 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 the 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

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

Table 7.5.1.1 - Opex allowance applicable to EBSS (EBSS target)	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													
Approved excludable costs - allowance														
Equity raising costs														
Opex glide path														
Easement land tax														
Self insurance														
Rebates made under the Availability Incentive Scheme														
Debt Raising costs														
Priority projects approved under STPIS network capability component														
Movements in provisions related to opex														
Capitalisation policy changes														
Other adjustments or exclusions required by the EBSS														
Forecast opex for EBSS purposes														

Table 7.5.1.2 - Actual and estimated opex applicable to EBSS	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													
Approved excludable costs														
Equity raising costs														
Opex glide path														
Easement land tax														
Self insurance														
Rebates made under the Availability Incentive Scheme														
Debt Raising costs														
Priority projects approved under STPIS network capability component														
Movements in provisions related to opex	0.3	0.6	1.3	1.4	-0.1									
Opex associated with approved cost pass through														
Capitalisation policy changes														
Other adjustments or exclusions required by the EBSS														
Actual opex for EBSS purposes	0.3	0.6	1.3	1.4	-0.1	0.0	0.0							

Incremental gain (\$m, 2016-17)

Carryover	Current regulatory control period			Forthcoming regulatory control period					Total
	\$m, real 2016-17								
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	

PTRM inputs (\$m, 2016-17)

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

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