

# AusNet

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## Victorian Emergency Backstop Mechanism (VEBM)

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Cost pass through application PUBLIC

Friday, 2 February 2024



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# 1. Executive summary

Minimum operational demand is reducing in Victoria, with new record lows set in December 2023 resulting in increasing risk of a minimum system load emergency. In response to this, the Victorian Government is introducing a Victorian Emergency Backstop Mechanism (**VEBM**). The VEBM ensures all new and replacement solar systems (also referred to as embedded generating units throughout the document) connected to distribution networks can be remotely interrupted or curtailed, when directed by the Australian Energy Market Operator (**AEMO**) in a minimum system load event, to maintain whole of system security.

The Victorian Government implemented the VEBM by gazetting two Ministerial Orders (**Orders**) to amend AusNet's distribution licence, with the Ministerial Order for Stage 1 (**Stage 1 Order**) gazetted on 11 October 2023 and the Ministerial Order for Stage 2 (**Stage 2 Order**) gazetted on 31 January 2024. The new licence conditions give effect to the VEBM in two stages, to allow for an orderly implementation of the new obligations:

- **Stage 1:** Applies to new and replacement solar embedded generating units greater than 200 kW, from 25 October 2023.
- **Stage 2:** Applies to new and replacement solar embedded generating units 200 kW and below, from 1 July 2024.

The licence conditions together introduce new minimum service standards for embedded generating units connecting to the network, and materially alters the nature or scope of direct control services provided by a Distribution Network Service Provider (**DNSP**). Therefore, the new licence conditions classify as a single service standard event as defined in the National Electricity Rules (**NER**).

AusNet will incur a material increase in costs to comply with the service standard event. The costs associated with the Orders are higher than the cost pass through thresholds and therefore are subject to the cost pass through provisions of the NER. Accordingly, we submit this pass through application in respect of the increase for determination by the Australian Energy Regulator (**AER**).

We are seeking pass through revenue of \$16.1 million (\$2021, smoothed), driven by an incremental increase in information and communications technology (**ICT**) capital expenditure (**capex**) and operating expenditure (**opex**). Specifically, the new licence conditions require an uplift to AusNet's ICT capabilities, people and process in areas summarised below:

- Ensuring new solar embedded generating units are connected to a network utility server and are capable of being remotely curtailed. Procuring a solution that enables this capability and integrating the solution into our systems is the primary driver of costs associated with the application.
- Ensuring compliance of inverters connecting to distribution networks with the new minimum service standards, through a connection commissioning process and through ongoing monitoring.
- Establishing customer procedures and notifying customers when their solar has been curtailed for testing or purposes other than the emergency direction.
- Establishing reporting procedures and updating connection agreements.
- Establishing and use of Public Key Infrastructure (**PKI**) which provides a security framework to authenticate devices for secure communication.

The expenditure associated with the Orders will deliver foundational capabilities for smart inverter management, such as Flexible Export services at scale. We therefore consider this investment brings forward expenditure necessary for efficient and prudent export service management, which would otherwise likely be incurred during the next regulatory period. To ensure all customers benefit from this investment as soon as possible, we are planning a progressive roll-out of Flexible Exports as part of the implementation of the VEBM. All costs directly related to the Flexible Exports roll-out are excluded from the application.

Table 1 summarises the proposed pass through revenue until the end of the current regulatory period, necessary to meet the obligations related to the VEBM. The proposed revenue represents a prudent and efficient solution to meet these new obligations and does not include costs outside the scope of the Orders (e.g., Flexible Exports).

**Table 1: Proposed pass through revenue to meet new obligations under the VEBM (\$m Jun 2021, unsmoothed)**

\$ JUN 2021	2021-22	2022-23	2023-24	2024-25	2025-26	TOTAL
<b>Building block revenue</b>			1.5	7.0	7.6	16.1

Source: AusNet.

We are proposing this amount be recovered in equal amounts (in nominal terms) over a 2-year period starting 1 July 2024. Recovering the costs equally over the remainder of the current regulatory period will help ensure prices

are smoothed and there is greater stability in prices than recovering this cost solely in the final year of this regulatory period. It also allows us to better manage cash flow by better matching costs and revenue given most of the costs will be incurred in the first half of 2024.

We have engaged with our 2026-31 EDPR Coordination Group, 2026-31 EDPR Future Network Panel, Customer Consultative Committee and the Victorian Department of Energy, Environment and Climate Action on this cost pass through application on an 'inform' basis given the costs are outside of our control.

## 2. Cost pass through framework

### 2.1. Requirements under the framework

The pass through provisions in Chapter 6 of the NER allow Distribution Network Service Providers (**DNSP**) to seek approval from the AER to recover (by passing through to customers) a material increase in the costs of providing direct control services, where the increase is the result of an event specified in clause 6.6.1(a1) of the NER.

To seek approval from the AER to pass through those costs, the NER require a DNSP to submit a written statement to the AER within 90 business days of the relevant positive change event occurring<sup>1</sup>, or such longer period as agreed to by the AER<sup>2</sup>.

The written statement must address the matters outlined in clause 6.6.1(c), namely:

- The details of the positive change event.
- The date on which the positive change event occurred.
- The eligible pass through amount in respect of the positive change event.
- The positive pass through amount we are proposing in relation to the positive change event.
- The amount of the positive pass through amount that we propose should be passed through to distribution network users in the regulatory year in which, and each regulatory year after that in which, the positive change event occurred.
- Evidence<sup>3</sup>:
  - o of the actual and likely increase in costs referred to in clause 6.6.1(c)(3) of the Rules; and
  - o that such costs occur solely as a consequence of the positive change event.
- Such other information as may be required under any relevant regulatory information instrument.

If the AER determines that a positive change event has occurred, it must determine:

- the approved pass through amount; and
- the amount of the approved pass through amount that should be passed through to distribution network users in the regulatory year in which, and each regulatory year after that in which, the positive change event occurred.

In making this decision, the AER must consider the factors listed in clause 6.6.1(j) of the NER.

In addition, the National Electricity Law (NEL) requires the AER, in exercising its economic regulatory functions and powers, to do so in a manner that will or is likely to contribute to the achievement of the National Electricity Objective (NEO).

The NEL also specifies the revenue and pricing principles<sup>4</sup>. Of relevance to this application is the principle that a regulated network service provider should be provided with a reasonable opportunity to recover at least the efficient costs the operator incurs in providing direct control services and complying with a regulatory obligation or requirement or making a regulatory payment<sup>5</sup>.

### 2.2. AusNet written statement

This application<sup>6</sup>, comprising this document and its attachments, is our written statement to the AER<sup>7</sup> to recover a positive pass through amount of \$16.1 million (\$2021, smoothed). This application was submitted to the AER on or before May 2024, being within 90 business days of the relevant positive change event occurring on 31 January 2024, in accordance with NER clause 6.6.1(c). Therefore, the requirement to submit the written statement by the requisite date is satisfied.

It complies with the requirements of clause 6.6.1(c) of the NER and addresses these matters in the following sections:

- **Section 3:** the relevant details to enable the AER to determine that a positive change event has occurred in accordance with clause 6.6.1(c)(1) and (2)

<sup>1</sup> Clause 6.6.1(c)

<sup>2</sup> Clause 6.6.1(k)

<sup>3</sup> We have not recited clause 6.6.1(c)(6)(iii) as it relates to a retailer insolvency event and is not applicable.

<sup>4</sup> Section 7A.

<sup>5</sup> National Electricity Law, section 7A(2).

<sup>6</sup> At times referred to in this document as 'statement' or 'application'. These terms should be read interchangeably and inclusive of all appendices and supporting attachments accompanying this application.

<sup>7</sup> See clause 6.6.1(c) of the NER

- **Section 4:** details and evidence of the increase in costs in accordance with clause 6.6.1(c)(6)(i) and (ii)
- **Section 5:** the eligible and proposed pass through amount in accordance with clause 6.6.1(c)(3), (4) and (5).

This application also addresses the matters listed in clause 6.6.1(j) of the NER which the AER must take into account in deciding the approved pass through amounts<sup>8</sup>.

As part of our application we have also provided:

- a cost build up model
- a 2021-26 Post-tax Revenue Model (**PTRM**) update to incorporate the pass through amount. This update was based on the approved version of our PTRM model "AER - AusNet Services distribution PTRM - 2023-24 Return on debt update - March 2023", which incorporates the 2023-24 return on debt update and 2021 storm cost pass through amount.
- the Stage 1 Order and Stage 2 Order
- quotes from service providers
- a confidentiality template in accordance with the AER's confidentiality guidelines.

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<sup>8</sup> We note clause 6.6.1(c)(7) requires us to provide such other information as may be required under any relevant regulatory information instrument. No such instrument has been issued by the AER at the time of submitting this statement. However, clause 6.6.1(e1) provides scope for the AER to request additional information to help it make its determination. We will welcome any such engagement if it will assist the AER in its deliberations.

# 3. Positive change pass through event

## 3.1. Event summary

The Victorian Government has introduced the VEBM to ensure all new and replacement solar systems connected to distribution networks can be remotely curtailed in a minimum system load emergency to maintain system security. This has placed new obligations on DNSPs through new conditions in distribution licences.

### Background

Declining minimum system load in Victoria increases the risk that AEMO cannot securely manage the electricity system. AEMO has indicated Victoria's secure minimum system load threshold is 1,600 MW and Victoria has continued to set minimum system load records in 2023, falling below the 1,600MW<sup>9</sup> limit to a minimum demand of 1,564 MW on 31 December 2023. When system load drops below 1,600 MW, AEMO must take measures to ensure system security, such as exporting to other states, or increasing load using industry or battery loads.

However, there is a risk that AEMO will exhaust all available options to prevent a minimum system load emergency and introduction of the VEBM will provide AEMO with a new last resort measure to manage this risk. The risk of a minimum system emergency has grown as rooftop solar continues to be connected to the Victorian network. Given this growing risk, the VEBM is to be introduced as soon as possible.

### Implementation and timeline

The VEBM is being implemented in two stages:

- **Stage 1:** New and replacement distributed solar systems greater than 200 kW, from 25 October 2023.
- **Stage 2:** New and replacement distributed solar systems 200 kW and below, from 1 July 2024.

The Victorian Government implemented the VEBM via two Ministerial Orders under section 33AB of the Electricity Industry Act 2000 (**the Orders**):

- Ministerial Order specifying licence condition 2023 (No.1) (**Stage 1 Order**) in Victoria Government Gazette No. S 542 Wednesday 11 October 2023 (Attachment 2.1)
- Ministerial Order specifying licence condition 2024 (**Stage 2 Order**) in Victoria Government Gazette No. S 31 Wednesday 31 January 2024 (Attachment 2.2).

### Description of the new obligations

**The Stage 1 Order** commenced on 25 October 2023 and applies to units with capacity greater than 200kVA but under 30MVA. It introduces new licence conditions that state that DNSPs must (for ease of reading, the wording below does not directly match the licence conditions when referencing the clauses. Please refer to Attachment 2.1 for the full licence condition):

- not establish or alter a connection with a relevant solar microgeneration unit unless satisfied that the relevant unit is capable of being remotely curtailed or interrupted by the DNSP<sup>10</sup> (Clause 5(1))
- be capable of remotely interrupting or curtailing electricity from relevant solar microgeneration units from 1 January 2024 (Clause 5(2))
- not remotely interrupt or curtail electricity generation by relevant solar microgeneration unit unless directed to do so by AEMO<sup>11</sup>, to test capability or for reasons agreed with the system owner or operator (Clause 5(3))
- include terms in connection offer, connection contracts or connection agreements to give effect to the Order stating that the DNSP may remotely curtail or interrupt the unit, and the process the DNSP will follow to advise the owner or operator when the unit will be or has been curtailed (Clause 5(4))
- notify the owner or operator of a planned curtailment or interruption in accordance with requirements under Clauses 11.5 and 11.7 of the Electricity Distribution Code of Practice or with explicit informed consent in the relevant customers contract or agreement (Clause 6(2))

The Stage 1 Order does not apply to connections or alterations where the application was received before commencement of the Order or to embedded networks (Clause 7).

<sup>9</sup> [AEMO Victorian Annual Planning Report October 2022](#)

<sup>10</sup> Technology adopted to curtail systems covered by Stage 1 was not prescribed.

<sup>11</sup> AEMO or another person lawfully authorised by AEMO to issue that direction, under the National Electricity (Victoria) Law or the National Electricity Rules



**The Stage 2 Order** commences on 1 July 2024 and applies to units with under 200kVA. It introduces new licence conditions that state that DNSPs must (for ease of reading, the wording below does not directly match the licence conditions when referencing the clauses. Please refer to Attachment 2.2 for the full licence condition):

- not establish or alter a connection with a relevant solar microgeneration unit to the licensee's distribution system unless the licensee is satisfied that the relevant solar microgeneration unit is emergency backstop enabled<sup>12</sup> (Clause 5(1))
- operate a utility server capable of remotely interrupting and curtailing electricity generation by an emergency backstop enabled relevant solar microgeneration unit connected to the licensee's distribution system (clause 5(4))
- implement a process to monitor whether emergency backstop enabled relevant solar microgeneration units remain emergency backstop enabled and whether the licensee is capable of remotely interrupting or curtailing electricity generation by relevant solar microgeneration units (Clause 5(5))
- not remotely interrupt or curtail electricity generation by an emergency backstop enabled relevant solar microgeneration unit unless directed to do so by AEMO<sup>13</sup>, to test capability or for reasons agreed with the solar system owner (Clause 5(6))
- include terms in its model standing offer (MSO), connection offer, connection contract or connection agreement to give effect to the Order stating that the DNSP may remotely curtail or interrupt the unit, and the process the DNSP will follow to advise the owner or operator when the unit will be or has been curtailed (Clause 5(7))
- follow the requirements to notify customer when remotely curtailing or interrupting:
  - if following direction from AEMO, the DNSP must as soon as practical publish a notice in a prominent part of its website with information on the nature of the interruption (Clause 6(1))
  - if to carry out tests, or for other agreed upon reasons which result in a customer's generation being interrupted for a cumulative total of more than 15-minutes within a 48-hour period, the DNSP must give affected customers at least 48 hours written notice of the test via the customer's nominated preferred method of communication identified under clause 11.4.1 of the Electricity Distribution Code of Practice or electronically if no preference nominated, or in accordance with explicit informed consent in the relevant customers contract or agreement (Clause 6(2))
- establish customer procedures that set out the process the DNSP will take to establish compliance or notify a customer of non-compliance prior to connection of relevant units, and the processes for testing and future notification of non-compliance. These procedures must be published on DNSPs website, updated from time to time, and the DNSP must notify the Essential Services Commission when they are updated or amended (Clause 7)
- include, in its distribution system planning report submitted to the Commission in accordance with the Electricity Distribution Code of Practice, details of any interruption or curtailment of electricity generation, the number of connections of relevant solar microgeneration units to the licensee's distribution system that are, to the extent of the licensee's knowledge, emergency backstop enabled; and the aggregate capacity in megawatts of all relevant solar microgeneration units in the licensee's distribution system that are, to the extent of the licensee's knowledge, emergency backstop enabled (Clause 8).

Stage 2 will also apply to units within embedded networks which have individual capacity less than 200 kVA, regardless of whether, when taken together, the total capacity may be more than 200 kVA. However, there is an extension for compliance of these systems with the Order to 1 January 2025.

The Stage 2 Order does not apply where:

- a customer or customers agent has advised the DNSP that the unit is no greater than 30kVA and cannot practically connect to the internet (Clause 5(2)(a))
  - The DNSP must include terms in its model standing offer (MSO), connection offer, connection contract or connection agreement that where the customer cannot practically connect to the internet that the unit must be able to communicate via a communication channel that is compliant to IEEE 2030.5 CSIP-AUS or a lower static limit applies (Clause 5(3))

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## <sup>12</sup> Emergency backstop enabled

means, in relation to a relevant solar microgeneration unit, that the unit is—

(a) able to communicate with the licensee's utility server via a communication channel that is compliant to IEEE 2030.5 CSIP-AUS and is hosted:

- i. on the relevant solar microgeneration unit, or
- ii. on a gateway device; or
- iii. via a cloud connection; and

(b) connected to the licensee's utility server via the internet—

to enable the remote interruption or curtailment by the licensee of electricity generated by the relevant solar microgeneration unit

<sup>13</sup> AEMO or another person lawfully authorised by AEMO to issue that direction, under the National Electricity (Victoria) Law or the National Electricity Rules

- the unit is between 30 and 200kVA, or in an embedded network, and the DNSP is capable or remotely curtailing or interrupting the unit through an alternative technology to that stated in the definition of 'emergency backstop enabled' in the Order (Clause 5(2)(b) and (c))
- the application was received before commencement of the Order (Clause 5(2)(d)).

## 3.2. Service Standard event

The introduction of the Victorian Emergency Backstop Mechanism represents a service standard event that has occurred during the course of the current regulatory period.

A service standard event is defined in the NER as 'a legislative or administrative act or decision that:

(a) has the effect of:

- substantially varying, during the course of a regulatory control period, the manner in which a Distribution Network Service Provider is required to provide a direct control service; or*
- imposing, removing or varying, during the course of a regulatory control period, minimum service standards applicable to direct control services; or*
- altering, during the course of a regulatory control period, the nature or scope of the direct control services, provided by the service provider; and*

(b) materially increases or materially decreases the costs to the service provider of providing direct control services provided by the service provider.'

The VEBM, enacted through the two Orders, is a legislative act that:

- imposes new minimum service standards regarding connection of embedded generation up to 30MVA; and
- alters the scope of the direct control services provided by the DNSP.

New minimum services standards include the requirement for DNSPs and connecting embedded generating units to have remote communication capabilities, that allow for DNSP interruption or curtailment of embedded generation. In some circumstances under the Stage 2 Ministerial Order, these minimum standards are prescribed as CSIP-Aus, while other connecting embedded generating units may be required to comply with other non-prescribed minimum standards (e.g., ability to communicate through SCADA).

Material changes to the manner in which DNSPs are required to provide direct control services include:

- The requirement of DNSPs to remotely interrupt or curtail embedded generation when directed to do so by AEMO, or another person lawfully authorised by AEMO to issue that direction.
- The requirement for DNSPs to introduce processing for commissioning of connecting embedded generating units up to 30MVA, to satisfy itself that the connecting embedded generating unit is compliant with the minimum service standards prior to finalising the connection.
- The requirement for DNSPs to introduce on-going monitoring of compliance of connected embedded generating units up to 30MVA connected after the date of the Orders with the minimum service standards. This includes implementing periodic testing of all embedded generation up to 30MVA connected after the date of the Orders and introducing new customer notifications related to compliance testing.

Together the two Orders constitute the single service standard event related to the VEBM, where the Orders represent a staged delivery of the one event. There are substantive similarities between the Orders with regard to new licence conditions for each stage that indicate the Orders reflect the intent of the Victorian Government for the VEBM to be a single mechanism with two-stages of implementation.<sup>14</sup>

## 3.3. Date on which the event occurred

As the VEBM is a single event with staged implementation, there are a number of potential dates to consider as the date on which the event occurred.

We consider 31 January 2024 is the date on which the event occurred. This is the date of the gazetting of the Stage 2 Order, which represents the finalisation of all the changes to licence conditions in relation to the VEBM. The licence condition changes are the service standard event trigger, and to fully understand the extent of the service standard event it is necessary to complete the licence condition changes for both stages. The other possible option was the finalisation and gazetting of the Stage 1 Order, which occurred on 11 October 2023. However, if 11 October 2023 was the date on which the event occurred, the event would have occurred without the certainty of the conditions of the Stage 2 Order, which creates unnecessary ambiguity around the full extent of the event at the time at which it occurred.

<sup>14</sup> [Victoria's emergency backstop mechanism for solar \(energy.vic.gov.au\), section 'When will it be introduced'](https://www.energy.vic.gov.au/vic-emergency-backstop-mechanism-for-solar-section-when-will-it-be-introduced/).

### 3.4. Materiality

Another of the thresholds that must be satisfied for the AER to approve a positive pass through application is that the cost to the DNSP of providing direct control services must increase “materially” as a result of the pass through event.

#### Impact on cost and processes for AusNet

The introduction of the new service standard requires AusNet to employ additional staff and uplift ICT capability to comply with the Orders. We currently do not have the processes or systems capable of the requirements in the Orders. Specifically, the new licence conditions require us to:

- Uplift our ICT capability, specifically so new solar systems can connect to a network utility server and be remotely curtailed. Procuring a solution that enables this specific capability and integrating the solution in to our systems is the primary driver of costs associated with the application.
- Ensure the compliance of inverters connecting to distribution networks with the backstop requirements through a commissioning process and an ongoing monitoring, to be consistent across DNSPs statewide. This represents a significant uplift in our current processes as prior to the Orders, we were not obligated to monitor compliance. This will require a resourcing uplift and new functionality in our systems to assess and report on compliance.
- Establish customer procedures and notify customers when their solar has been curtailed for testing or purposes other than an emergency direction. This includes a requirement to notify customers that a failsafe export limit has been applied where they lose internet connectivity and therefore their system is unable to communicate and perform the function required by the mechanism. This also requires an uplift to our resourcing levels and new notification procedures.
- Establish reporting procedures and update our Model Standing Order (MSO) and connection agreements to align with the Orders.
- Establishing and use of Public Key Infrastructure (PKI) which provides a security framework to authenticate devices for secure communication

The material costs associated with the uplift is discussed in Section 3.

**Table 2: Materiality of pass through**

\$M (\$2021)	2023-24
2023-24 Annual revenue requirement (ARR) (smoothed)	\$657m
2023-24 Costs associated with the compliance to the VEBM	\$21m
<b>Materiality of the pass through</b>	<b>3.2%</b>

Source: AusNet.

An increase in costs is material if the change in costs (as opposed to the revenue impact) that a DNSP has incurred, and is likely to incur, in any year of a regulatory period, as a result of the event, exceeds 1% of the annual revenue requirement for the DNSP for that regulatory year<sup>15</sup>.

The additional opex and capex arising from meeting our new obligations is material as it exceeds an amount equal to 1% of the annual revenue requirement (ARR) established in the PTRM from the AER's revenue determination. Therefore, we have shown that we have incurred a material change in costs due to the introduction of the VEBM.

### 3.5. Exclusion of contingent projects and expenditure for restricted assets

A pass-through event must not be a contingent project or an associated trigger event. A contingent project is a contingent project proposed by the DNSP that is approved by the AER in accordance with clause 6.6A.1 (b). A trigger event is a specific condition or event described in clause 6.6A.1 (c), the occurrence of which, during the relevant regulatory period, may result in the amendment of a distribution determination under clause 6.6A.2.

The AER's Final Decision for our 2021-26 regulatory period did not include any contingent project programs. As such, we did not propose, and the AER did not approve a contingent project for capital expenditure of the kind required by complying to the new VEBM requirements.

<sup>15</sup> Definition of “materially”, chapter 10 of the National Electricity Rules.

Clause 6.6.1(c)(c1) of the NER requires that the positive pass through amount proposed not include any expenditure for a restricted asset, unless in conjunction with a request for asset exemption. The expenditure associated with this pass through is not related to restricted assets and therefore this is not applicable.

Therefore, the VEBM is not precluded from being a positive pass through event.

## 4. Costs incurred

Table 2 summarises the total cost of meeting new licence conditions under the Orders. The table breaks down the costs between the two stages, between capex and opex, and between implementation costs to meet new obligations initially and ongoing costs to continue to meet obligations over time. A model demonstrating the cost build up is attached as Attachment 1.1.

**Table 3: Total expenditure incurred to comply with VEBM (\$ 2021)**

\$ JUN 2021	2021-22	2022-23	2023-24	2024-25	2025-26	TOTAL
Capex - non-network IT		\$ 810,555	\$ -	\$ -		\$ 810,555
Capex - SCADA/ network control		\$ 71,004	\$ 118,340	\$ 118,340		\$ 307,683
Opex		\$ 57,393	\$ -	\$ -		\$ 57,393
Stage 1 cost total		\$ 938,953	\$ 118,340	\$ 118,340		\$ 1,175,632
Capex - non-network IT		\$ 18,605,185	\$ 3,148,642			\$ 21,753,826
Opex		\$ 1,487,022	\$ 118,727			\$ 1,605,749
Stage 2 implementation cost total		\$ 20,092,207	\$ 3,267,369	\$ -		\$ 23,359,576
Ongoing opex			\$ 2,472,529	\$ 2,632,735		\$ 5,105,264
<b>Total</b>		<b>\$ 21,031,159</b>	<b>\$ 5,858,237</b>	<b>\$ 2,751,075</b>		<b>\$ 29,640,472</b>

Source: AusNet.

### 4.1. Stage 1 implementation costs

Costs incurred for Stage 1 constitute new ICT capabilities and integration with our current distribution systems to ensure compliance with the Stage 1 Order. For systems above 200kVA, Victorian DNSPs, AEMO and the Victorian Government agreed to implement a common solution which includes installing network devices at the customer site that can communicate to DNSP systems via the 4G network. This solution was seen as the most viable and cost effective in the tight timeframe to meet new obligations.

We are required to upgrade ICT systems to enable integration of these network devices into current systems. This includes building new capabilities in the following ICT systems:

- Advanced Distribution Management System (**ADMS**)—to trigger remote disconnection/ reconnection and display the number of sites and solar energy generation of connected sites
- UtilityIQ (**UIQ**) and Enterprise Integration Application (**EIA**) systems—to send a signal to disconnect / reconnect to the network device via the 4G network and to store data.

Prior to delivery of these upgrades, ADMS, UIQ and EIA were not integrated and configured to have the capability to trigger disconnection via network devices, nor communicate signals and store data from the same.

All costs to implement requirements under the Stage 1 Order are incurred in FY23-24. There are on-going costs related to installation of the network devices for new connections each year. We forecast to continue to connect approximately 30 customers per year with systems greater than 200kVA. Under our connection policy, customers contribute the full cost of the network devices at the time of connecting. Therefore, we have included ongoing cost of connecting network devices as customer contributions under Capex - SCADA/ network control.

Table 4 provides a cost breakdown of Stage 1 implementation and ongoing costs. For more details, please refer to Attachment 1.1 Build up of Costs model I and the Statement of Work from our service provider in Attachment 5.

Table 4: Stage 1 cost (\$ 2023)

\$ DEC 2023	2021-22	2022-23	2023-24	2024-25	2025-26	TOTAL
Capex - non-network IT		\$878,640				\$878,640
Capex - SCADA/ network control		\$76,968	\$128,280	\$128,280		\$333,528
Opex		\$62,214				\$62,214
<b>Total</b>		<b>\$1,017,822</b>	<b>\$128,280</b>	<b>\$128,280</b>	<b>\$128,280</b>	<b>\$1,247,382</b>

Source: AusNet.

## 4.2. Stage 2 implementation costs

Stage 2 implementation costs include costs related to delivering the necessary capabilities and processes that allow AusNet to meet our obligations under the Stage 2 Order in full. These are different from on-going costs necessary for maintaining compliance with the Stage 2 Order obligations, which are covered in section 4.3.

Stage 2 implementation costs include an uplift or changes to our ICT capabilities, as well as additional resources in project and change management, cyber security, customer and installer management, network planning, control and operations, compliance, and PKI management. These are discussed below.

Key uplifts and changes to our ICT capabilities include:

- Building a distributed energy resources management system (**DERMS**) and utility server and integrate these with our existing ICT systems. The DERMS and the utility server allow our systems to communicate and enable remote control of inverters, necessary to meet obligations under Clause 4(4) of the Stage 2 Order. The DERMS and the utility server will need to be integrated and interconnected to our ADMS.
- Upgrades to our customer-facing ICT systems, including the backend Customer Relationship Management (**CRM**) and customer portal, to implement new commissioning processes for connecting inverters. The new commissioning processes ensure compliance of inverters with the new minimum service standards when connecting to the network, as per Clauses 1 and 7 of the Stage 2 Order.
- Upgrades to Salesforce to embed new customer notification procedures, aligned with requirements in Clause 6 of the Stage 2 Order.
- Expanding our data analytics (**DnA**) ICT capabilities to analyse large datasets from the DERMS, necessary for monitoring compliance with minimum service standards in line with Clause 5(5) of the Stage 2 Order.
- Expanding reporting requirements to produce Power BI reports in line with Clause 8 of the Stage 2 Order.

AusNet has an outsource IT service model where the necessary uplifts in capabilities will be delivered through a combination of IT services providers, based on their expertise:

- Service provider 1 will provide program delivery, system integration and testing. The scope and the cost of these services are provided in attachment 4.5.
- Service provider 2 will provide customer and analytics stream, including inverter commissioning and compliance. The scope and cost of these services are provided in attachment 4.3 (cost) and 4.4 (scope).
- Service provider 3 will build and deliver the DERMS and utility server solution. The scope and the cost of these services provided in attachments 4.1 (implementation cost) and 4.2 (licencing cost).

Beyond these IT services, additional resources are necessary to deliver the full implementation of the Stage 2 Order, including:

- Change management—ensuring business operational readiness, including developing and formalising new business processes, documentation, and training.
- Cyber security—designing and implementing cybersecurity solutions that meet cybersecurity requirements and aligns with other existing system requirements.
- Customer management—developing the customer product in line with new requirements, managing installer and stakeholder interactions, and managing customer experience.
- Control and operations—ensuring critical operations and control room requirements are being met as part of implementation.
- Network planning—ensuring network protections requirements are met as part of delivery of the project.
- Connections management—setting up and training staff to manage inverter compliance with new minimum standards, including managing installer communications, data sharing and questions.

- PKI management—setting up processes for authentication of devices for secure communication. PKI is a security framework that uses digital certificates and public-private key pairs to securely authenticate and connect people, services, and devices electronically.
- Software licence costs during implementation.

Given the time-critical nature and size of the program, we have applied an independent governance model to the project. Independent governance provides additional layers of accountability, timeframe management and problem resolution. The costs associated with the independent governance for the implementation of Stage 2 are being shared with two other large marquee ICT projects expected to be delivered by the same party for AusNet at the same time, creating implementation and cost synergies. As such, we consider the costs are a prudent and efficient alternative to employing additional internal governance resources to manage the implementation of VEBM alone. See attachment 4.6 for the cost breakdown of the project governance.

Stage 2 implementation costs will be incurred in a phased approach over 2023-24 to 2024-25. While the Stage 2 Order is effective from 1 July 2024, given the tight timeframe to deliver the large volume of ICT upgrades, some upgrades will only be physically possible during 2024-25. In the meantime, we will be implementing manual solutions to ensure compliance with element of the Orders that allow manual solutions (e.g., reporting). Table 5 summarises the Stage 2 implementation costs, broken down into labour, materials and contracts. For more details of these costs, please refer to Attachment 1.1 Build up of Costs model and Attachment 4.

**Table 5: Stage 2 project implementation cost (\$ 2023)**

\$ DEC 2023	2021-22	2022-23	2023-24	2024-25	2025-26	TOTAL
Labour - no escalation			\$537,703	\$124,901	\$ -	\$662,603
Materials (opex)			\$190,900			\$190,900
Contracts (opex)			\$871,000	\$469,000		\$1,340,000
Opex			\$1,599,603	\$593,901		\$2,193,503
Labour - no escalation			\$1,024,780	\$356,496	\$ -	\$1,381,276
Materials (capex)			\$2,230,958			\$2,230,958
Contracts (capex)			\$16,546,907	\$2,974,506		\$19,521,412
Capex			\$ 19,802,645	\$3,331,002	\$ -	\$21,752,370
<b>Total</b>			<b>\$21,402,247</b>	<b>\$3,924,902</b>		<b>\$ 23,945,874</b>

Source: AusNet.

### 4.3. Ongoing costs

AusNet requires on-going opex to maintain compliance with the new obligations under the Orders into perpetuity. Obligations under the Stage 2 Order will require additional people and processes related to:

- Installer support—responding to pre-approval enquires, phone calls for connectivity issues, and post installation enquires post 1 July 2024, for approximately 33,000 connections per year.
- Compliance—ensuring compliance with the communication standard at the time of connection, and on-going compliance monitoring for all new connections post 1 July 2024 (approximately 20,000 per year).
- Customer experience—managing customer interactions and experience, including customer communications and notifications for all new customer post 1 July 2024.
- Engineering—managing technical aspects of control room requirements, including ensuring ongoing control system compliance.
- Technical support—ongoing DERMS Application support and maintenance.

Other on-going opex includes licence costs for the technical solutions and maintaining services for PKI.

Table 6 summarises the ongoing opex necessary for meeting the new obligation, broken down into labour, materials and contracts. For the cost build up please refer to Attachment 1.1 Build up of costs model.

Table 6: Total ongoing opex (\$ 2023)

\$ DEC 2023	2021-22	2022-23	2023-24	2024-25	2025-26	TOTAL
Labour				\$ 1,655,275	\$ 1,815,482	\$ 3,470,758
Contracts				\$ 461,256	\$ 461,256	\$ 922,512
Materials				\$ 355,997	\$ 355,997	\$ 711,994
<b>Total</b>				<b>\$ 2,472,529</b>	<b>\$ 2,632,735</b>	<b>\$ 5,105,264</b>

Source: AusNet.

#### 4.4. Prudency and efficiency of costs incurred

The cost incurred for meeting new obligations under the VEBM are prudent and efficient, and meet the National Electricity Objective (NEO). The costs are prudent as they are largely based on competitive rates by market service providers that were obtained through a large tender process. Where the costs were not based on competitive market provider rates, we have used Hays Salary Guide to estimate benchmark labour rates.

In 2022, AusNet underwent a large service provider tender for the delivery of the ADMS. The tender was extensive and involved shortlisting multiple suppliers through a formal proposal and response process which over 5 months. To inform the tender, AusNet developed a set of requirements for ADMS capabilities through internal workshops, which included DERMS requirements in the future. Three service providers were short listed as preferred vendors, and were the only vendors identified that could provide the suite of capabilities on their roadmap. Through internal assessment across different category areas (cost, functional capabilities, non-functional capabilities, etc), and Steering Committee approval, [REDACTED] was selected as the preferred service provider. This included multiple meetings and questions to this service provider to confirm their terms of service prior to formally engaging them.

To calculate the cost of delivering the DERMS and utility server capabilities, we have sourced a quote from our current ADMS service provider. Given the very tight deadline to be compliant with our new obligations, we were unable to run a separate market tender for these specific services and deliver a solution prior to July 2024. However, as the solution is an extension of the ADMS capabilities, we are confident that the cost of delivering the DERMS and utility server solution is prudent and reflective of competitive market rates, particularly given the recency of our large market tender. Equally, we have ensured the cost for delivering the services specific to the new obligations are prudent and comparable to the recent tender.

We are aware there are other service providers that provide various elements of the technical solution necessary to meet the new obligations. We conducted informal discussions with some of these suppliers, [REDACTED]

[REDACTED] This was identified as infeasible within the time constraints given two parties for each component of our ultimate solution would require further integration which could complicate and delay delivery of the ultimate solution. We therefore consider use of current ADMS supplier as prudent and efficient given the recent market tender and their ability to deliver the entire solution in a short timeframe.

For the remainder of ICT costs, we have sourced quotes from our current outsourced delivery partners [REDACTED] [REDACTED] provide primary support for the digital systems which will undergo upgrades to meet compliance with the VEBM.

#### 4.5. AusNet’s capabilities prior to and post VEBM

To demonstrate the extent of the changes in AusNet's scope of distribution services and ICT capabilities, we have provided a comparison of our capabilities prior to the implementation of the VEBM, and post implementation of the VEBM, in Table 7 on the next page. We have also included planned strategic investment following the full implementation of VEBM in the table, to indicate where AusNet is unlocking value from the VEBM investment through current allowances.

This table clearly demonstrates the investment in VEBM will deliver foundational capabilities for smart inverter management, including the roll-out of Flexible Export at scale. We therefore consider the investment in VEBM brings forward expenditure necessary for efficient and prudent export service management, which would otherwise likely be incurred during the next regulatory period. We are not seeking the cost relate to these additional services in this application.



Table 7: Comparison of AusNet capabilities prior to and post investment in VEBM, and beyond

CAPABILITY	PRIOR TO IMPLEMENTATION DATE OF THE ORDERS	FOLLOWING FULL IMPLEMENTATION OF THE ORDERS	FOLLOWING ADDITIONAL PLANNED INVESTMENT TO DELIVER CUSTOMER BENEFITS (COSTS NOT INCLUDED IN THIS APPLICATION)
<b>Connections above 1.5MVA</b>			
Communicate with solar behind the meter, >200kVA	Capability to interrupt supply	No change	Not planned
Remote disconnection / reconnection of solar behind the meter, >200kV	Capability to interrupt supply	No change	Not planned
<b>Connections between 200kVA and 1.5MVA</b>			
Communicate with solar behind the meter, >200kV	Not available	UIQ and EIA systems able to send a signal to disconnect/ reconnect to the network device via the 4G network and to store data	Not planned
Remote disconnection / reconnection of solar behind the meter, >200kVA	Not available	ADMS able to trigger remote disconnection/ reconnection and display the number of sites and solar energy generation of connected sites	Not planned
<b>Connections below 200kVA</b>			
Communication with inverters and ability to disconnect / reconnect remotely	Modest DERMS / utility server for the Flexible Exports trial (~40 customers) and EDGE trial (~800 customers), using CSIP-Aus. Capability limited to small number of customers and exports only. No capability to have communications on all of the time.	Full-scale DERMS and utility server based on CSIP-Aus. Designed for approximately 20,000 new customers per year, to ensure communications with all relevant inverters at all times.  Includes ability to optimise customer outcomes through progressive curtailment, assigning groups of devices etc.	Extending the DERMS to include capacity allocation algorithms and the ability to issue dynamic operating envelope measurements for a strategic roll-out of Flexible Exports from 2025 onwards. Able to provide options for Flexible Exports to all new customers, due to size of DERMS for VEBM.

Inverter commissioning	Not available	<p>New commissioning process to ensure compliance with CSIP-Aus, including systems that:</p> <ul style="list-style-type: none"> <li>• provide customers with information about inverter compliance</li> <li>• require installers to submit device connection details</li> <li>• require installers to complete post-installation forms, where relevant</li> <li>• manage enquires, questions, follow ups etc from installers and customers.</li> </ul>	
Customer notifications	Automated notifications in Salesforce for specific requirements (e.g., planned outages).	Update to Salesforce for new types of notifications and for new customers. This includes updated workflows to manage new related queries from customer.	Not planned
Compliance monitoring and reporting	Not available	New capability in DnA to validate extract data from the DERMS, assess communications compliance by analysing time-series event data and flag customer for notification by Salesforce.	Extend to include Flexible Export compliance.
PKI	Not available	Managed security framework that uses digital certificates and public-private key pairs to securely authenticate and connect people, services, and devices electronically.	Not planned

Source: AusNet.

## 5. Eligible and proposed pass through amount

### 5.1. Eligible pass through amount

Clause 6.6.1(c)(3) of the NER requires us to specify the eligible pass through amount.

The eligible pass through amount is the increase in costs incurred in the provision of direct control services as a result of the pass through event<sup>16</sup>. It covers all expenditure including the capex and opex incurred and likely to be incurred until either the end of the regulatory period in which the positive change event occurred or, if cost recovery is to continue into the next period, the end of that regulatory period.

In determining the eligible pass through amount, only incremental costs attributable to compliance with the VEBM have been included; no costs that would have been incurred under a business-as-usual (BAU) scenario form part of this application.

### 5.2. Evidence of the costs for the eligible pass through amount

Clause 6.6.1(c)(6)(i) of the NER requires us to provide evidence of the actual and likely increase in costs included in the eligible pass through amount.

Tables 8 and 9 below provide a breakdown of the capex and opex included in the eligible pass through amount.

We have provided evidence of the costs to be incurred in our 'Build up of costs model' (Attachment 1.1). The total has been built up from vendor quotes and internal estimates, including benchmark labour rates from the Hays Salary Guide where the rates were not otherwise provided by competitive market service providers. For on-going or future work, we prepared forecasts using the same principles that apply to the development of our regulatory proposals.

**Table 8: Total proposed pass through expenditure (\$2021)**

\$ JUN 2021	2021-22	2022-23	2023-24	2024-25	2025-26	TOTAL
Non-network general assets - IT capex			\$19,415,740	\$ 3,148,642		\$22,564,382
SCADA/Network control capex			\$71,004	\$ 118,340	\$118,340	\$307,683
Total opex			\$1,544,415	\$2,591,255.69	\$2,632,735	\$ 6,768,406
<b>Total</b>			<b>\$21,031,159</b>	<b>\$ 5,858,237</b>	<b>\$2,751,075</b>	<b>\$29,640,472</b>

Source: AusNet.

**Table 9: Eligible pass through amount (\$M, \$2021, unsmoothed)**

\$ JUN 2021	2021-22	2022-23	2023-24	2024-25	2025-26	TOTAL
Return on capital				\$0.8	\$0.8	\$1.6
Return of capital				\$3.5	\$4.2	\$7.7
Operating expenditure			\$1.5	\$2.6	\$2.6	\$6.8
Revenue adjustments						
Tax						
<b>Building block revenue</b>			<b>\$1.5</b>	<b>\$7.0</b>	<b>\$7.6</b>	<b>\$ 16.1</b>

Source: AusNet.

<sup>16</sup> Definition of 'eligible pass through amount', chapter 10 of the National Electricity Rules.

### 5.3. Costs as a consequence of the positive change event

Clause 6.6.1(c)(6)(ii) of the NER requires us to provide evidence that the actual and likely increase in costs included in the eligible pass through amount occurred solely as a consequence of the positive change event. Similarly, clause 6.6.1(j)(5) requires the AER, in determining the approved pass through amount and the amount to be passed through to users in each regulatory year, to take into account the need to ensure the DNSP only recovers any actual or likely increment in costs that is solely as a consequence of the positive change event.

In calculating the eligible pass through amount, we included only the incremental costs for those activities that were incurred solely as a result of the positive change event.

#### ***The expenditure does not include costs beyond those required by the service standard event, particularly the implementation of Flexible Exports***

Our estimate for the total cost for this pass through event only includes costs associated with critical uplifts required for direct compliance with our new licence conditions. Our overall program associated with a solution to implement the VEBM is broader than the cost we have proposed to recover through a pass through. We have not included any additional costs that we are forecasting to incur which are above and beyond the minimum compliance requirements. For example, we propose to absorb the cost of additional customer and solar industry engagement within our current allowances.

In the process of delivering the capabilities associated with the VEBM, we are also implementing a strategic Flexible Exports solution for our customers. The capabilities being built to comply with VEBM are foundational capabilities for flexible services such as Flexible Exports (i.e., the Flexible Exports solution uses the same communication standard CSIP-Aus to share dynamic operating envelopes). Given the significant uplift in communications capabilities with all inverters post July 2024, we have made a strategic decision to extend those capabilities to offer Flexible Exports to our customers. However, as this not a requirement under VEBM, we have excluded these costs from the cost pass through application. We were able to do this by requesting our vendors provide quotes which clearly identify capabilities directly associated with the new licence condition only. The value quoted by the vendors for Flexible Exports and excluded for this application is shown in the Build up of costs (Attachment 1.1)

We recognise that building capability for the backstop mechanism has enabled us to bring forward expenditure to enable Flexible Exports within the current regulatory period at a smaller incremental cost than what would have been possible without the uplift in capabilities required by the VEBM obligation. Therefore, we consider our strategic implementation of Flexible Exports at incremental cost is capturing the benefit to customers from the implementation of VEBM, that would otherwise remain unlocked if not further strategic investment was delivered.

#### ***We have assessed our current allowance for potential funding related to the new obligations***

We have assessed the funding we received for the 2021-26 regulatory period, and whether there are elements of the funding that can be attributed to the new obligation under VEBM. In our assessment, we have not received funding for anything related to the new obligations in 2021-26.

Of most relevance in our assessment, we received \$9.63m (\$ 2021) of Distributed Energy Resources (DER) ICT expenditure for 2021-26. The scope of this allowance is largely improvements in network modelling and forecasting, with \$1.1m for DER Energy Resource Control/ Optimisation (DENOP). The DENOP program was intended to enable third parties to facilitate mini-grids through a flexible DER connection offer, and the solution was not scoped for widespread and mandatory control of all new connecting embedded generating units. We do not consider the funding allocated for DENOP can be used to fund the new obligations under VEBM, as the Order prescribes specific and broader capabilities than what was scoped for DENOP. We consider our allowance for DENOP can partially fund our strategic investment to deliver flexible exports, as the scope and customer benefits between these programs are more closely aligned. †

### 5.4. Prudence and efficiency of pass through amount

Clause 6.6.1(j)(3) of the NER requires the AER, in determining the approved pass through amount and the amount to be passed through to users in each regulatory year, to take into account the efficiency of our decisions and actions in relation to the risk of the positive change event. This includes whether our actions minimised the magnitude of the eligible pass through amount.

The proposed cost pass through amount reflects the prudent and efficient costs associated with meeting the new obligations by the deadline to avoid non-compliance with our distribution licence. As discussed above, we have only scoped in the minimum requirements associated with meeting our obligations and have ensured that there is no overlap within our current allowance. We consider we have taken all appropriate steps to minimise the magnitude of the pass through amount.

We have provided an explanation as to why our costs are prudent in section 4.4.

## 5.5. Proposed positive pass through amount

Clause 6.6.1(c)(4) of the NER requires us to specify the positive pass through amount that we propose in relation to the positive change event. The positive pass through amount is defined as an amount not exceeding the eligible pass through amount. We propose a positive pass through amount of \$16.1 million (\$2021, unsmoothed). We have calculated the proposed positive pass amount as the change in our required revenues for the 2021-26 regulatory period due to the positive change event. That is, our proposed positive pass through amount incorporates the opex and return on capital and return of capital for the 2021-26 regulatory period arising from the incremental expenditure from introduction of the VEBM, as well as the impact of the incremental costs on the cost of corporate income tax building block.

The PTRM used to calculate the pass through amount with this application is provided as Attachment 9<sup>17</sup>.

## 5.6. Pass through amount in each regulatory year

Clause 6.6.1(c)(5) of the NER requires that we specify the amount that we propose to pass through to customers in the year, and each regulatory year after that, in which the positive change event occurred. We propose to smooth the recovery over the remaining two years of this regulatory period, and recover the proposed positive pass through amount of approximately \$8 million (\$2021, smoothed) in each regulatory year for the period from 1 July 2024 to 30 June 2026. Recovering the positive pass through amount equally over the remainder of the current regulatory period will help smooth the price increase and will insulate our customers from a large one-off price increase in 2025. It also allows us to better manage cash flow by better matching costs and revenue given most of the costs will be incurred in the first half of 2024.

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<sup>17</sup> This PTRM is based on the final PTRM approved by the AER for our October 2021 cost pass through application.

# 6. Attachments

FOLDER	ATTACHMENT
1 Models	1.1 Build up of costs
	1.2 PTRM update
2 Orders	2.1 Stage 1 Order
	2.2 Stage 2 Order
3. Stage 1 quote	[Redacted]
4. Stage 2 quotes	[Redacted]
	[Redacted]
	[Redacted]
	[Redacted]
	[Redacted]
	[Redacted]
	[Redacted]
5. Confidentiality	5. Confidentiality template

# 7. Compliance checklist

This attachment provides information on the compliance of AusNet's pass through application with the NER pass through provisions (as set out in Cl 6.6.1), and to the location of the relevant information in our application.

NER Clause	Requirement	Information provided	Section of application
6.6.1 (a1)	<p>Identification as a pass through event</p> <p>An event allowing for pass through of costs may be specified in the distribution determination (sub 5)</p>	The application confirms that the introduction of the VEBM meet the 'service standard' event specified in the NER.	3.2
6.6.1 (a)	<p>A DNSP may seek AER approval for the pass through for a positive change event</p> <p>To qualify as a positive change event the DNSP must have incurred materially higher costs (NER defined) in providing direct control services</p>	The application confirms that AusNet incurred materially higher costs in providing direct control services, and accordingly the event qualifies as a positive pass through event	3.4
6.6.1 (c)	A DNSP must submit a statement (interchangeable term being application) within 90 business days of the relevant positive change event occurring	<p>The application provides evidence on the period over which the Victorian Government introduced the VEBM through a staged approach, where the event occurred on release of the final stage on 31 January for purposes of the pass through application</p> <p>The closing date for the application is therefore May 2024.</p>	3.3
6.6.1 (c)(1)	<p>The statement must specify:</p> <ul style="list-style-type: none"> <li>The details of the positive change event</li> </ul>	The details of the positive change event, being the nature and impact on Ausnet to meet the new VEBM licence conditions is set out in the application	3.1
6.6.1 (c)(2)	<ul style="list-style-type: none"> <li>The date on which the positive change event occurred</li> </ul>	As referenced above (see row 6.6.1 (c)) this date and its rationale is provided	2.2, 3.3
6.6.1 (c)(3)	<ul style="list-style-type: none"> <li>The eligible pass through amount, being the increase costs in the provision of direct control services as a result of the positive change event</li> </ul>	The application provides detail on the sources of cost increases and the cost attributed for each, which constitutes the eligible passthrough amount	5.2
6.6.1 (c)(4)	<ul style="list-style-type: none"> <li>The positive pass-through amount proposed</li> </ul>	The application proposes a positive pass through amount	5.5
6.6.1 (c)(5)	<ul style="list-style-type: none"> <li>The amount proposed to be passed through in the regulatory year in which the event occurred in subsequent regulatory years</li> </ul>	The application proposes amounts to be passed through over the last two years of the current regulatory control period	5.6
6.6.1 (c)(6)(i)	<p>Evidence of:</p> <ul style="list-style-type: none"> <li>the actual and likely increases</li> </ul>	Provided in build up of costs model and summarised in application	4.1, 4.2, 4.3 and supporting attachments




6.6.1 (c) (6) (ii)	<ul style="list-style-type: none"> <li>that the costs occur solely as a consequence of the positive change event</li> </ul>	The application describes the data sources and processes to determine the costs solely occurring as a consequence of the positive change event	5.3
6.6.1 (c) (6) (iii)	<ul style="list-style-type: none"> <li>relates to the circumstances where the cause of costs is a retailer insolvency event</li> </ul>	Not applicable. Noted in the application	2.1
6.6.1 (c) (7)	<ul style="list-style-type: none"> <li>other information as required under any relevant regulatory instrument</li> </ul>	Not applicable. Noted in the application	2.2
(6) (c1)	<ul style="list-style-type: none"> <li>relates to the pass through amount including expenditure for a restricted asset</li> </ul>	AusNet has explored this, noted in the application.	3.5



## AusNet Services

Level 31  
2 Southbank Boulevard  
Southbank VIC 3006  
T +613 9695 6000  
F +613 9695 6666  
Locked Bag 14051 Melbourne City Mail Centre Melbourne VIC 8001  
[www.AusNetServices.com.au](http://www.AusNetServices.com.au)

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