

Capital expenditure forecast assumptions

Capex Input	Assumption
Demand forecasts	Based on the independent forecast report developed by the Centre for International Economics (CIE) developed for the Variation Proposal.
Customer forecasts	Based on the independent forecast report developed by the Centre for International Economics (CIE) developed for the Variation Proposal.
CPI	Forecast CPI is consistent with the AER's Final Decision
Project costs	Project cost estimates are consistent with the AER's Final Decision.
Asset Management Strategy (AMS)	<p>Our AMS is central to our processes for managing our electricity transmission assets and delivering quality services to customers and value to our shareholders. The strategic actions set out in the AMS focus on meeting our asset management objectives, which are to:</p> <ul style="list-style-type: none"> • comply with legal and contractual obligations; • meet customer needs now and into the future; • reduce safety risks; • be future ready; and • maintain network performance at the least sustainable cost.
Unit rates	Unit rates are consistent with the AER's Final Decision.
Cost Escalators	Cost escalators are consistent with the AER's Final Decision.
Allocation of Costs and Overheads	<p>Consistent with AusNet Services' Transmission and Electricity Distribution CAM. Consistency of the allocation approach with the NGL is audited annually.</p> <p>The basis of our forecast pool of capitalised overheads for the forthcoming regulatory period is a forecast of total corporate and network overheads that we have capitalised in accordance with our capitalisation policy.</p>
Safety	<p>The forecast has been prepared to comply with existing obligations set out in the Gas Safety Act 1997, and Gas Safety (Safety Case) Regulations 2018, which requires us to design, construct, operate, maintain and decommission our network to minimise as far as practicable:</p> <p>(a) the hazards and risks to the safety of the public and customers arising from gas; and</p> <p>(b) the hazards and risks of damage to property of the public and customers arising from gas; and</p>

	<p>(c) the hazards and risks to the safety of the public and customers arising from—</p> <p>(i) interruptions to the conveyance or supply of gas; and</p> <p>(ii) the reinstatement of an interrupted gas supply.</p> <p>AusNet Services fulfils these requirements through compliance with its Gas Safety Case and the Gas Distribution System Code.</p>
Plant Strategies	<ul style="list-style-type: none"> – Detailed plant strategies underpin each component of AusNet Services initiated capital expenditure and Asset Replacement. Relevant strategies include: – AMS 30-17 Network Capacity – AMS 30-17-1 Future of Gas Augmentation – AMS 30-50 Transmission Pipeline – AMS 30-51 Network Regulators – AMS 30-52 Mains and Services – AMS 30-53 Consumer Regulators – AMS 30-54 Customer Metering – AMS 30-56 Corrosion Protection – AMS 30-57 SCADA – AMS 30-59 Communications Systems

Operating expenditure forecast assumptions

Opex Input	Assumption
Base Year Opex	<p>AusNet Services' base year opex is the company's audited CY21 actual, adjusted to remove:</p> <ul style="list-style-type: none"> • Movements in provisions allocated to opex; • Unaccounted for gas; • Non-reference services; and • Ancillary reference services. <p>Base year opex is consistent with the AER Final Decision.</p>
CPI	Forecast CPI is consistent with the AER's Final Decision
Labour Escalator	Labor escalators are consistent with the AER's Final Decision.
Materials Escalator	No real escalation has been applied to materials costs.
Output growth	Output growth assumptions have been updated based on the updated customer number demand forecast.
Productivity	We have included a forecast of productivity improvements consistent with the AER's final decision.
Allocation of Overheads	As the base step and trend forecasting approach was used, overheads have been forecast based on the historical allocation of overheads. This is consistent with the AER's final decision.
Step Changes	AusNet Services has proposed an additional step change based on the additional costs being incurred for the ESV Levy. This step change has been based on the higher costs we are now incurring.
Debt Raising Costs	We have included debt raising costs consistent with the benchmarked approach in the AER's Final decision.

Attachment 3

The Directors of AusNet Gas Services Pty Ltd (ABN 43 086 015 036) (**AusNet**) hereby certify that in accordance with the requirements of the Regulatory Information Notice dated 8 March 2022 and issued by the Australian Energy Regulator (**AER**) under Division 4 of Part 1 of Chapter 2 of the National Gas (Victoria) Law:

- the key assumptions used in the capital expenditure forecasts for the 2024-2028 Gas Access Arrangement Review are reasonable; and
- the key assumptions used in the operating expenditure forecasts for the 2024-2028 Gas Access Arrangement Review are reasonable;

Signed according to a resolution of Directors:



Name: DAVID SMALES

Date: 26 SEPTEMBER 2024

Signature of Declarant