AusNet

RIN Supporting Information

EDPR 2026-31

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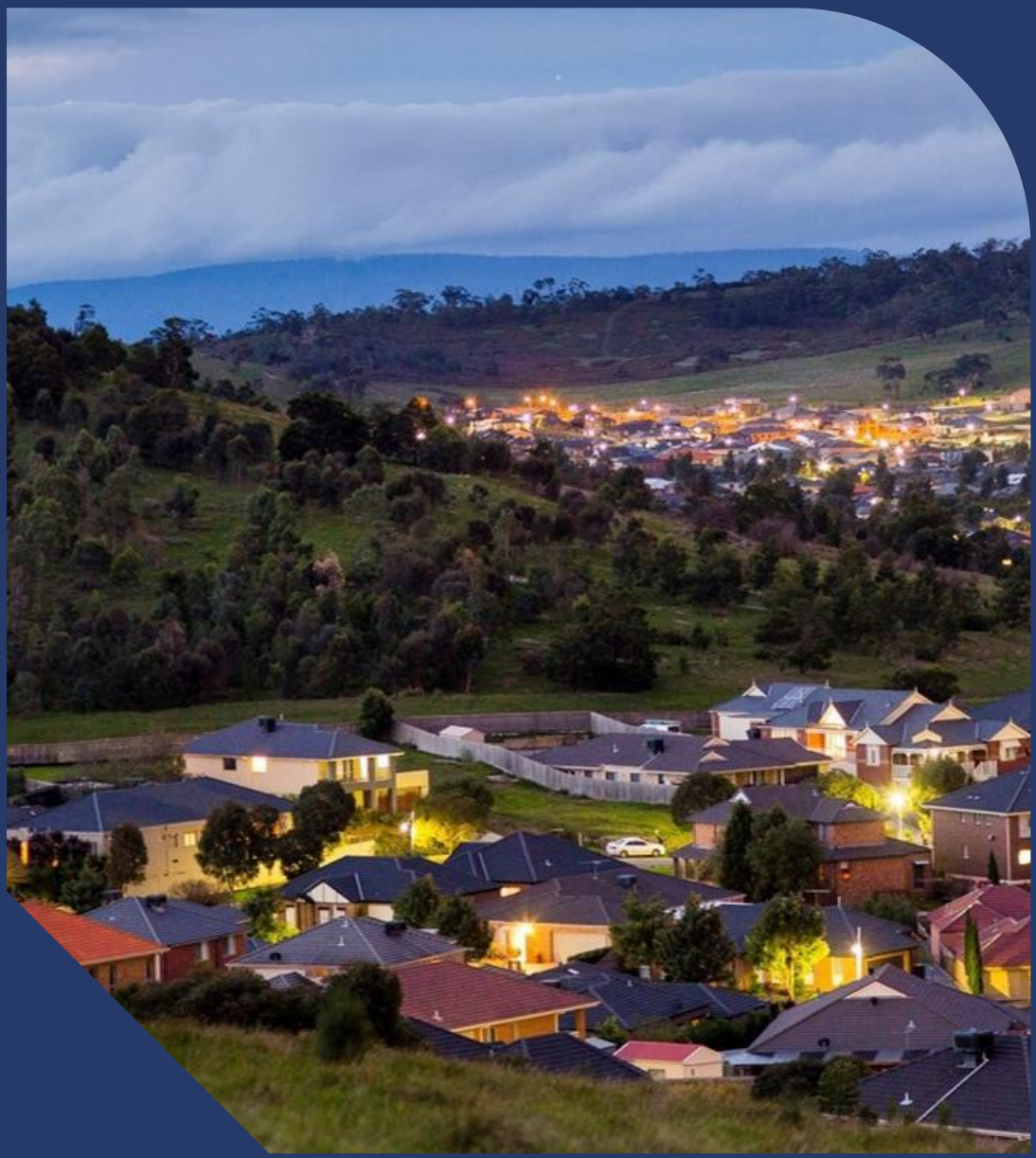

AusNet

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1 Introduction

1.1. Purpose

The purpose of this document is to provide information in relation to information requested in Schedule 1 of the Regulatory Information Notice (RIN) for the forecast period 1 July 2026 to 30 June 2031.

Most of the information requested in Schedule 1 is included in AusNet's submission, the appendices to the submission, or in supporting documentation. Information is included in this document where the submission, the appendices to the submission, or the supporting documentation does not provide the information requested in Schedule 1.

1.2. Structure

This document provides information referenced to the numbering in Schedule 1 of the RIN.

4.4.4 Capex transparency

4.4.4 For total capital expenditure expected to be incurred in the current regulatory control period, provide:

a) a comparison of the total expenditure, disaggregated by expenditure category or driver, to the total forecast capex allowed for the current regulatory control period;
b) an explanation of the drivers of differences noted in response to section 4.4.4 (a), for example the impact of efficiency gains, major new projects, project deferrals or rescoping, changing regulatory obligations, asset age, or other factors;
c) a list of projects deferred in the current regulatory control period and included in the forecast capex for the forthcoming regulatory control period, and the rationale for the deferral.

Addressing 4.4.4(a) and (b), we are expecting a material 19% overspend for the current 2021-26 regulatory period primarily driven by:

- **External driver**: Increasing labour and material costs due to market-driven cost pressures affecting the whole industry.
- **External driver**: Addressing unanticipated issues that have arisen over the period, including reliability issues.
- **External driver**: Investments to address stronger than anticipated demand growth, including land purchases (not previously forecast) to accommodate new zone substations.
- **External driver**: Delays and cost increases for some REFCL compliance augex relative to the approved timing and costs.
- **External driver**: Overspend of connections allowance, both for load connections and unanticipated hybrid/battery connections (not previously forecast).
- **External driver**: Overspend of digital allowance to deliver Advanced Distribution Management System (**ADMS**) and customer platforms to improve resilience and customer experience.

Driver[1] ($m, real 2025-26)	2021-26 forecast / AER allowance	2021-26 expected spend	Variance ($)	Variance (%)
Replacement expenditure	798.8	780.3	-18.4	-2.3%
Connections	336.5	425.6	89.0	26.5%
Augmentation expenditure	211.6	364.0	152.4	72.0%
Export services	59.4	47.5	-11.9	-20.0%
ICT	207.4	318.9	111.4	53.7%
Property	23.5	56.0	32.6	138.8%
Fleet	16.7	8.6	-8.1	-48.4%
Other non-network	19.2	12.6	-6.6	-34.4%
Network overheads	146.7	195.8	49.1	33.4%
Corporate overheads	28.0	28.1	0.1	0.2%
Total gross	**1,848.0**	**2,237.5**	**389.5**	**21.1%**
Customer contributions	129.0	188.4	59.5	46.1%
Total net before disposals	**1,719.0**	**2,049.1**	**330.1**	**19.2%**

Addressing 4.4.4(c), we note that the following projects have been partially or fully deferred out of the current 2021-26 regulatory period and included in the forecast for the next 2026-31 regulatory period:

- Watsonia substation rebuild (WT)
- Thomastown substation rebuild (TT)
- Newmerella substation rebuild (NLA)
- Traralgon substation rebuild (stage 2)(TGN)

[1] Reported values exclude gifted assets

We also note that 2 zone substation rebuilds will commence in the current 2021-26 regulatory period with the tail end of the forecast spend included in the next 2026-31 regulatory period. These are Warragul (WGL) and Traralgon (TGN) zone substations and they were options that have been satisfied through the RIT-D.

4.4.5 Capex transparency

4.4.5 For forecast capex for the forthcoming regulatory control period, provide:

a) **a comparison of the total forecast expenditure by category or driver to the total capital expenditure expected to be incurred in the current regulatory control period;**
b) **an explanation of the drivers of differences noted in response to section 4.4.5 (a), for example the impact of efficiency gains, major new projects, project deferrals or rescoping, changing regulatory obligations, asset age, or other factors;**

Addressing 4.4.5(a) and (b), we are expecting a material 72% increase for the forthcoming 2026-31 period primarily driven by:

- **External driver**: Several extreme events driven by the changing climate, have resulted in an increasing focus and value placed on resilience – by customers, government and regulators alike. These prolonged outages occurred as a result of the June 2021, October 2021, February 2024 and September 2024 storms. These storms are the largest on record for our network, with 297,000[2] customers impacted by the February 2024 storm, and approximately 28,000 customers impacted by all four storms. This has triggered our resilience investment plans.
- **External driver**: Our consumer engagement has indicated significant concern – including equity concerns – for those customers that experience lower than average reliability levels either because they are served by unreliable feeders or live in regions with poor reliability. Our research has shown that customers are willing to pay for investments to uplift regional reliability even if they do not directly benefit. This has triggered our reliability investment plans.
- **External driver**: Two drivers – amendments to the NEO to include emissions reduction targets and customers' feedback that AusNet needs to contribute to government's renewable energy targets – have triggered the need for AusNet to undertake projects that reduce emissions. We have proposed two such projects; CER enablement and large renewables enablement.
- **External driver**: Increasing unit rates reflecting market-driven, global cost pressures is contributing to the 29% increase in condition- or age-based replacement capex we are forecasting.
- **Asset age**. Our ageing asset base, particularly our wood pole fleet where many assets will exceed their service lives in the next regulatory period, is contributing to our higher repex requirement.
- **External driver**: Demand driven augex is a BAU activity that we have been undertaking for many regulatory periods. However, the volume of demand driven augex is going to be fundamentally different over 2026-31 due to increasing maximum demand and high utilisation (both current and projected utilisation) that are causing constraints to emerge.
- **External driver:** Depot, fleet and training centre investment is driven by an increasing program of work, to ensure resources are available at sites that are fit for purpose and trained to deliver the traditional network investment program and new investment driven by Victoria's energy transition.
- **Deferrals.** As explained above in response to 4.4.4(c), the partial or full deferral of some zone substation rebuild projects is contributing to our increased repex requirement.

Drivers[3] ($m, real 2025-26)	2021-26 expected spend	2026-31 forecast	Variance ($)	Variance (%)
Replacement expenditure	780.3	1,316.9	536.5	68.8%
Connections	425.6	576.5	150.9	35.4%
Augmentation expenditure	364.0	911.2	547.2	150.3%
Export services	47.5	89.5	42.0	88.3%
ICT	318.9	386.7	67.8	21.3%
Property	56.0	173.7	117.7	210.0%
Fleet	8.6	144.2	135.6	1,574.3%
Other non-network	12.6	4.6	-8.0	-63.7%
Network overheads	195.8	209.1	13.3	6.8%

[2] Other sources reference 255k customers which is the coincident peak customers off supply.
[3] Reported values exclude gifted assets

Drivers[3] ($m, real 2025-26)	2021-26 expected spend	2026-31 forecast	Variance ($)	Variance (%)
Corporate overheads	28.1	0.0	-28.1	-100.0%
Total gross	**2,237.5**	**3,812.4**	**1,574.9**	**70.2%**
Customer connections	188.4	277.3	88.9	47.2%
Total net before disposals	**2,049.1**	**3,535.1**	**1,486.1**	**72.5%**

4.4.6 Capex categories

4.4.6 Describe each capex category and expenditures relating to these categories identified in the regulatory templates, including:

a) **Key drivers for expenditure;**

b) **An explanation of how expenditure is distinguished between:**

(i) greenfield driven and reinforcement driven augex;
(ii) connections expenditure and augmentation capex;
(iii) replacement capex driven by condition and asset replacements driven by other drivers (e.g. The need for greenfield or reinforcement driven augex); and
(iv) any other capex category or opex category where ausnet considers that there is reasonable scope for ambiguity in categorisation.

Note 4.4.6(a) and (b)(ii) are addressed in our revenue proposal.

4.4.6(b)(i) Greenfield driven and reinforcement driven augex

All augmentation expenditure is reinforcement driven augmentation capex except for the following which are greenfield driven:

- REFCL driven augmentation
- A new express feeder in BN11
- WOTS 66kV loop – building a new WO-BWA 2nd 66kv line
- Augment Eastern Cranbourne 66kV loop
- New zone substation at Wollert
- New zone substation at Pakenham South
- New 22kV distribution feeder (WOTS21)
- New 22kV distribution feeder (SMR11)
- New 22kV distribution feeder (WGL31)

We have categorised greenfield driven augex and reinforcement driven augex consistent with AusNet's Reset RIN Appendix A (Regulatory template instructions). That is, greenfield driven augex refers to expenditure that is driven by the need to create new physical assets. In contrast, reinforcement augex refers to expenditure that meets the definition of augmentation expenditure and is not greenfield driven augex.

4.4.6(b)(iii) Replacement capex driven by condition and asset replacements driven by other drivers

Replacement of assets due to condition are considered to be REPEX. Replacement of assets due to changes in network use or regulations are considered to be augmentation capex.

4.4.6(b)(iv) Any other capex category or opex category were AusNet considers that there is reasonable scope for ambiguity in categorisation.

Installation of fall arrest systems is a safety driven program and does not clearly fall within the definitions of either REPEX or augmentation capex. However, they have been recorded under AUGEX as they are installed for the purpose of monitoring and maintaining the condition of HV Lines.

4.4.7 Replacement capex modelling

4.4.7 In relation to information provided in Workbook 1 - Forecast, regulatory template 2.2 and with respect to the AER's repex model, for individual asset categories in each asset group set out in the regulatory templates, provide in a separate document as description of the asset category, including:

a) **the assets included and any boundary issues (i.e. with other asset categories);**
b) **an explanation of how these matters have been accounted for in determining quantities in the age profile;**
c) **an explanation of the main drivers for replacement (e.g. condition); and**
d) **an explanation of whether the replacement unit cost provides for a complete replacement of the asset, or some other activity, including an extension of the asset's life (e.g. pole staking) and whether the costs of this extension or other activity are capitalised or not.**

The information sought in 4.4.7 (a) to (d) is provided for each category below.

Data in RIN template 2.2 has been provided in the asset categories defined in Appendix F of the RIN as per the categories below. Any boundary issues have been identified in the Top Down Adjustment document provided as part of the regulatory submission

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4.4.7a AusNet's asset classes listed in RIN template 2.2 are shown below:

- Overhead Conductors
- Pole Top Structures
- Poles
- SCADA, Network Control and Protection Systems
- Service Lines
- Staking
- Switchgear
- Transformers
- Underground Cables

Asset classes listed outside the AER's asset class grouping are listed in the "Other" category and shown below:

- Zone Substation Batteries
- Zone Substation Protection Relays
- Zone Substation Property
- Zone Substation Current transformers
- Zone Substation Voltage transformers
- Zone Substation Surge Arresters
- Reactive Plant
- Power Transformer Bushings
- Line Surge Arresters
- Neutral Earthing Resistors and Neutral Earthing Devices (NERs & NEDs)
- ZSS - SOCI
- Upgrade oil control

- Capitalised insurance costs - Repex major projects
- Stand Alone Power Systems (SAPS)

To account for potential overlaps / boundary issues between categories, a top down adjustment has been included in the CAPEX forecast. This category covers the REPEX component of this adjustment. Further details on this assessment can be found in the Top Down Adjustment document.

4.4.7. b

The majority of assets in template 2.2 are forecast for replacement due to the condition of the assets or obsolescence; factors which are generally associated with asset aging. The assets in template 2.2 which are primarily driven by factors other than asset aging are:

Overhead conductors

- Costs and volumes in this category relate to a proactive program of SWER line replacement in Codified Areas. This program will replace existing SWER lines which are nearing, but have not reached, end-of-life with underground or insulated conductor.
- The costs associated with this replacement are materially different to like-for-like replacement. Further information on this program is included in the regulatory submission and Codified Areas Strategy document.

Switchgear

- This contains fuse replacement volumes from the EDO fuse replacement program as well as a risk-based asset replacement program. Further information is included in ASD -AMS 20-61 MV Fuse Switch Disconnectors.

Low Conductor

- Costs and volumes in this category are driven by regulatory compliance.

4.4.7.c

The key drivers affecting asset replacement expenditure are described in Chapter 6 of the submission, and in the plant asset strategies. A summary of the factors and the affected asset categories is shown below.

Factor	**Asset categories**	**Impact**
Network safety obligations (Rules, codes, license conditions, statutory requirements)	Lines assets including cross-arms, conductors, EDO fuses. Secondary equipment Environmental systems (Upgrade oil control)	In some cases, assets are replaced before the end of their effective life to reduce the risk of bushfire ignition. In some cases, assets are replaced with newer models / technology to meet regulatory obligations. Refer to Codified Areas documentation for more details.
Development of asset management system and techniques (Internal planning and asset management approaches.)	Most asset categories	Risk based analysis leads to life extension of lower risk assets, particularly in stations. Improved condition monitoring techniques should lead to more targeted replacement of assets resulting in life-extension of some assets and less failures in other asset classes. Improved condition assessment and data leads to more accurate forecasts of

		replacement needs. Refer to plant asset strategies for more details.
Asset factors – asset age profile and risk profile	Poles, cross-arms, conductor, power transformers, circuit breakers	The quantity of assets reaching the end of effective life drives the need for asset replacements. If changes in failure rates are noticed, this may lead to a re-evaluation of asset risk profiles, driving a change in replacement rates. Refer to ASD - AMS 20-52 Conductor, ASD - AMS 20-57 Crossarms and ASD - AMS 20-70 Poles, AMS 20-71 Power Transformers and AMS 20-54 circuit breakers for more details.
External factors - Security requirements	Zone substations	The threat of terrorist related activity and increasing incidents of theft leads to increasing measures to mitigate the risk. These measures lead to changing standards and higher replacement costs. For example, a deteriorated zone substation fence will be replaced with a more expensive fence. Refer to ASD - AMS 20-14 Infrastructure Security for more details.
Technology solutions	Zone substations, Voltage Regulators, Conductors, Switchgear	As customers increase their use of CER, an increase in voltage and related issues is forecasted across our network. Some equipment must be upgraded and replaced to mitigate the effects of increased CER. Refer to ASD - AMS 20-50 Steady State Voltage Compliance and related documents for more details.

4.4.7 d With the exception of pole staking and rebutting, the unit rates supplied in the Unit Rates document provide for the complete replacement of the assets. Pole staking and rebutting are capitalised as they extend the useful life of an asset.

4.4.12 Non-network alternatives

4.4.12 Identify each non-network alternative that AusNet Services has: (a) commenced during the current regulatory control period; and (b) selected to commence during, or will continue into, the forthcoming regulatory control period.

We have commenced the following non-network alternatives during the current regulatory control period:

- A network support agreement at Longwarry/West Gippsland, with a battery/energy storage system in 2022.
- A network support agreement at Phillip Island, with a battery/energy storage system in 2023.

The non-network alternatives that we have selected to commence during, or will into continue the forthcoming regulatory control period include:

- The above Longwarry and Phillip Island non-network alternatives will continue.
- AusNet has no specifically identified non-network alternatives scheduled to commence for 2026-31. As explained in our revenue proposal, we are considering the use of a platform to streamline the provision of flexibility services, and we anticipate annual flexible service payments will increase from $0.4m in 2026-27 to $2m in 2030-31, totalling $6m over the regulatory period. In addition, AusNet will continue to assess the feasibility of non-network alternatives as a part of our normal economic assessment process whereby traditional augmentation projects and non-network alternatives are assessed side-by-side.

We also commenced the following commercial and industrial (C&I) demand management contracts in the current regulatory period:

- C-I-C – supporting BDL44, BDL41 and NLA31 feeders
- C-I-C – supporting CPK11, DRN12, BGE11, LDL21, LDL23, WYK24, DRN22, EPG13 and KLO24 feeders
- C-I-C – supporting TT2
- C-I-C – supporting LDL12
- C-I-C – supporting BN11 and SMR14
- C-I-C – supporting CLN11
- C-I-C – supporting SMR24

4.4.13 Non-network alternatives

4.2.13 for each non-network alternative identified provide a description, including cost and location.

Our current non-network alternatives comprise of:

- The Longwarry non-network option comprises of a Battery Energy Storage System (BESS) located at Warragul (specifically feeder WGL12). Forecast expenditure for the Longwarry non-network option is a C-I-C per annum to ensure generation output is maintained C-I-C of support per billing period. The period of the non-network agreement is from C-I-C
- The Phillip Island non-network option comprises of a Battery Energy Storage System located at Phillip Island (specifically feeder PHI13). Forecast expenditure for the Phillip Island non-network option is C-I-C per annum across the summer months, to maintain availability to dispatch under contingency conditions during other holiday weekends and major event weekends. The period of the non-network agreement is from C-I-C
- Demand management contracts entered into in the current period are:

Table 4.1: AusNet's demand management portfolio

Customer	Contract date	Feeders	Reserve fee	Load reduction fee (per kWh)	Estimate load reduction per 1 dispatch per NMI
C-I-C	2024	BDL44, BDL41 and NLA31	C-I-C	C-I-C	C-I-C
C-I-C	2024	CPK11, DRN12, BGE11, LDL21, LDL23, WYK24, DRN22, EPG13 and KLO24	C-I-C	C-I-C	C-I-C
C-I-C	2024	TT2	C-I-C	C-I-C	C-I-C
C-I-C	2024	LDL12	C-I-C	C-I-C	C-I-C
C-I-C	2022	BN11 and SMR14	C-I-C	C-I-C	C-I-C
C-I-C	2021	CLN11	C-I-C	C-I-C	C-I-C
C-I-C	2021	SMR24	C-I-C	C-I-C	C-I-C
C-I-C	2023	CLN11	C-I-C	C-I-C	C-I-C
C-I-C	2023	CLN11	C-I-C	C-I-C	C-I-C

AusNet has two additional demand management contracts entered into in 2020. The reserve fees for these ranges from C-I-C per annum and the load reduction fee varies between C-I-C per kWh.

4.4.14 Non-network alternatives

4.4.14 Provide, for each year of the current regulatory control period, and for the forthcoming regulatory control period, details of each payment made, or expected to be made, by AusNet Services to an embedded generator in reflection of any costs avoided by deferring augmentation of:

A) AusNet Services' distribution network; or

B) The relevant transmission network.

Table 4.2: Actual and forecast payments made to embedded generators and demand management customers[4]

Current regulatory period						Next regulatory period				
	2021-22 (actual)	2022-23 (actual)	2023-24 (actual)	2024-25 (expected)	2025-26 (expected)	2026-27 (forecast)	2027-28 (forecast)	2028-29 (forecast)	2029-30 (forecast)	3030-31 (forecast)
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
Avoided TUOS payments made / forecast (note forecast reflects 2024-25 payment as this is our best available information)										
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C

[4] This does not conclude payments for diesel generation supporting summer preparedness

C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C
C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C	C-I-C