

Mid North SA REZ Expansion Initial Contingent Project Application

Principal Application document

27 March, 2025



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Executive Summary

The Project

We are pleased to submit our Contingent Project Application for initial early works (Stage 1 Application or CPA) for Mid North South Australia Renewable Energy Zone (REZ) Expansion (the Project or Mid North REZ Expansion).

In recent years there has been unprecedented activity leading to the likely growth in industrial load in the Upper Spencer Gulf region. The South Australian Government has identified this as a once in a generation opportunity which it is intent on seizing for the benefit of all South Australians.¹

South Australia's Premier has also identified that this growth opportunity "...won't just happen, we need to make it happen." Making that opportunity happen is what South Australia's Prosperity Plan is all about.²

Through the Prosperity Plan, the South Australian Government intends to leverage the unique combination of renewable resources and rich mineral deposits in the Upper Spencer Gulf and surrounding regions to deliver economic growth to the State.

ElectraNet wholeheartedly supports this plan in spirit and, through the Mid North Renewable Energy Zone expansion, intends to do what it can to support it in action as well.

In our earlier submission to the Draft 2024 Integrated System Plan (ISP),³ we argued that South Australia's expected demand growth can only happen if renewable supply options are developed in time. To enable this, transmission network solutions first need to be in place to unlock these renewable generation sources to allow for load growth to be met. In turn this requires timely network investment to ensure that the necessary generation capacity will be in place to supply emerging loads at least cost.

In particular, and as AEMO identified in the 2024 ISP, this is likely to require the development of the Mid North REZ Expansion.

AEMO has identified an expansion between Robertstown, Davenport and Cultana as being necessary across a range of scenarios in the mid-2030s with the inaugural 2018 Integrated System Plan.

¹ Government of South Australia, "State Prosperity Project", p.3,
<https://www.stateprosperity.sa.gov.au/images/State-Prosperity-Project-Document.pdf>

² Government of South Australia, "State Prosperity Project", p.3,
<https://www.stateprosperity.sa.gov.au/images/State-Prosperity-Project-Document.pdf>

³ ElectraNet, "2024 Draft Integrated Plan Submission", p.7,
<https://aemo.com.au/consultations/current-and-closed-consultations/draft-2024-isp-consultation>

The Mid North REZ expansion project was first identified in ElectraNet's 2023 Transmission Annual Planning Report as the interest in loads rapidly increased from 2022. It has since been the subject of extended consultation between ElectraNet and its Consumer Advisory Panel, and with the South Australian Government AEMO and many other stakeholders. That culminated in AEMO identifying, in the 2024 ISP, a need to establish the Mid North REZ expansion project to:

1. Support the expected increase in renewable generation north of Adelaide and the growing demand in Adelaide;
2. Ensure adequate network capacity and supply for large industrial loads; and
3. Alleviate the impact of transmission network congestion on renewables from the Mid North to the rest of the NEM.

Early works

AEMO's analysis indicates that the Mid North REZ Expansion will need to be in place by July 2029 to meet these needs. To meet that timing it is imperative that ElectraNet now proceeds with a number of key activities.

In the 2024 ISP AEMO identified the following five categories of early works activities:⁴

1. Stakeholder engagement – implementing meaningful engagement programs, including engagement with Traditional Owners and land councils, landholders, government, local communities, councils, environmental groups and other impacted stakeholders;
2. Land use planning – planning approval activities, cultural heritage studies, environmental impact assessments and other necessary approval activities;
3. Land acquisition – secure access to enable investigations; and acquire land and/or negotiate binding land options;
4. Procurement activities – contractor engagement, procurement of equipment with long lead times, tendering activities to refine accuracy of cost estimates, and pre-construction works; and
5. Project development – Additional activities required to support timely delivery of the project, for example some project management and design activities.

This application – CPA 1(a)

This document represents the first formal step in ElectraNet's development of this important project. It sets out our proposed expenditure, the associated incremental revenue requirement and the indicative customer bill impacts for the first early works applications. It is the first of at least two Revenue Proposals for 'early works' expenditure being submitted to the Australian Energy Regulator (AER) in accordance with clause 6A.9.3(b) of the National Electricity Rules.

⁴ AEMO, Appendix 5. Network Investments, Appendix to the 2024 Integrated System Plan for the National Electricity Market, June 2024, p.41, available from <https://aemo.com.au/-/media/files/major-publications/isp/2024/appendices/a5-network-investments.pdf?la=en>

By making the Mid North SA REZ expansion an actionable project AEMO has required ElectraNet to publish a Project Assessment Draft report by 1 December 2025, or such later time as may be agreed. As the name suggests, that report will present ElectraNet's draft conclusion in relation to the project. It will include a draft assessment of the benefits of the project. It will identify the credible options for meeting the identified need, including any non-network options that may be identified and will analyse these to identify a preferred option. At that point ElectraNet's draft conclusion may be that the project should proceed as planned in the ISP. Alternatively, we may conclude that the project should be deferred, or broken into stages.

To enable this assessment ElectraNet must conduct part of the early works AEMO identified in the ISP, which is the purpose of this application. In broad terms, this application will enable ElectraNet to pursue activities in relation to items 1, 2, 3 and 5 as identified by AEMO.

The following summarises the proposed activities by reference to the categories AEMO identified:

- **Stakeholder engagement:**
 - Undertake stakeholder and community engagement to inform project development and build social acceptance for the project, commence environmental and statutory approvals, engage with Traditional Owners;
- **Land Use planning and acquisition:**
 - Commence easement acquisition activities on the critical path and in order to achieve AEMO's target delivery date of July 2029;
- **Project development:**
 - Determine the prudent and efficient costs to complete early works including ongoing community and stakeholder engagement, progressing all approvals, easement acquisition, scoping, undertaking design and planning procurement of long lead-time materials;
 - Identify, explore and manage the project risks. This will allow us to mitigate and/or diversify the Project's risks so that residual risk costs included in our Stage 2 application (which will include the bulk of the Project's costs) are as low as possible, and
 - Progress market benefits analysis, network planning and scoping, network capability assessment including various studies to ensure optimum outcomes, project estimating and engineering scoping and actively manage risk via early identification and mitigation; and
- **Procurement activities:**
 - Plan commencement of Early Contractor Involvement engagement to develop and validate the prudent and efficient construction cost for Stage 2 (construction).

The breakdown of categories and proposed costs is in Table 1.

Table 1 – Proposed Costs by Category⁵

Category	Total (\$m nominal)
Program and project management to prepare for the delivery of the Project and support key workstreams	\$4.1m
Legal, Risk and Governance direct project work	\$3.7m
Network Planning and Regulatory Approval	\$5.2m
Stakeholder and community engagement and consultation programs, community and landholder and stakeholder relations	\$8.4m
Cultural Heritage engagement, agreements and survey	\$6.1m
Land and easement acquisition (initial identification, consultation and option negotiation), strategic land purchases	\$6.7m
Environmental impact assessments	\$2.1m
Procurement strategy and initial execution (pre-construction contracts including ECI) and Project Estimation	\$2.2m
Engineering, technical designs and specifications	\$6.2m
Delivery, GIS Systems, Innovation and Strategy, early site assessments	\$3.8m
TOTAL	\$48.6m

For each category of expenditure, ElectraNet has developed plans that are focused on delivering the best outcome for customers in accordance with the definition of early works expenditure. The start date for early works activities is the commencement of works after publishing of the 2024 ISP until the submission of the PACR.

Future applications

The activities made possible by this application will see substantial progress in the areas described above and will enable ElectraNet to reach a draft conclusion as to the preferred option for the project.

The next step will depend on what draft conclusion is reached.

If the draft conclusion is broadly consistent with the 2024 ISP, ElectraNet anticipates that further early works applications will be made later in 2025 and 2026. Those applications are expected to relate to ongoing activities in relation to the above activities as well as the procurement of long lead time materials, commencement of early activities including the undergrounding of

⁵ Unless otherwise specified, all expenditure forecasts in this Application are expressed in nominal terms, all revenue forecasts are expressed in nominal terms, consistent with our 2024 to 2028 Revenue Determination

distribution network undercrossings and the execution of options to secure easements prior to construction commencement. These activities cannot be efficiently planned and estimated before further work is done as they are dependent on outcomes from the initial early works.

Stakeholder engagement

At this early stage stakeholder engagement in relation to the Mid North REZ expansion has been very limited.

In relation to this Application, ElectraNet has commenced engagement with its Consumer Advisory Panel and other stakeholders in relation to the Project and this Revenue Proposal and will continue engagement throughout project development and delivery. We welcome their involvement throughout the project and look forward to their continued and ongoing engagement.

1 Introduction

We are pleased to submit our Contingent Project Application for initial early works (Stage 1 Application or CPA) for Mid North South Australia Renewable Energy Zone (REZ) Expansion (the Project or Mid North REZ Expansion).

1.1 Background

In recent years there has been unprecedented activity leading to the likely growth in industrial load in the Upper Spencer Gulf region. The South Australian Government has identified this as a once in a generation opportunity which it is intent on seizing for the benefit of all South Australians.⁶

South Australia's Premier has also identified that this growth opportunity "...won't just happen, we need to make it happen." Making that opportunity happen is what South Australia's Prosperity Plan is all about.⁷

Through the State Prosperity Project, the South Australian Government intends to leverage the unique combination of renewable resources and rich mineral deposits in the Upper Spencer Gulf and surrounding regions to deliver economic growth to the State.

ElectraNet is working with numerous customers seeking to progress projects in the mid-North and Upper North regions of South Australia.

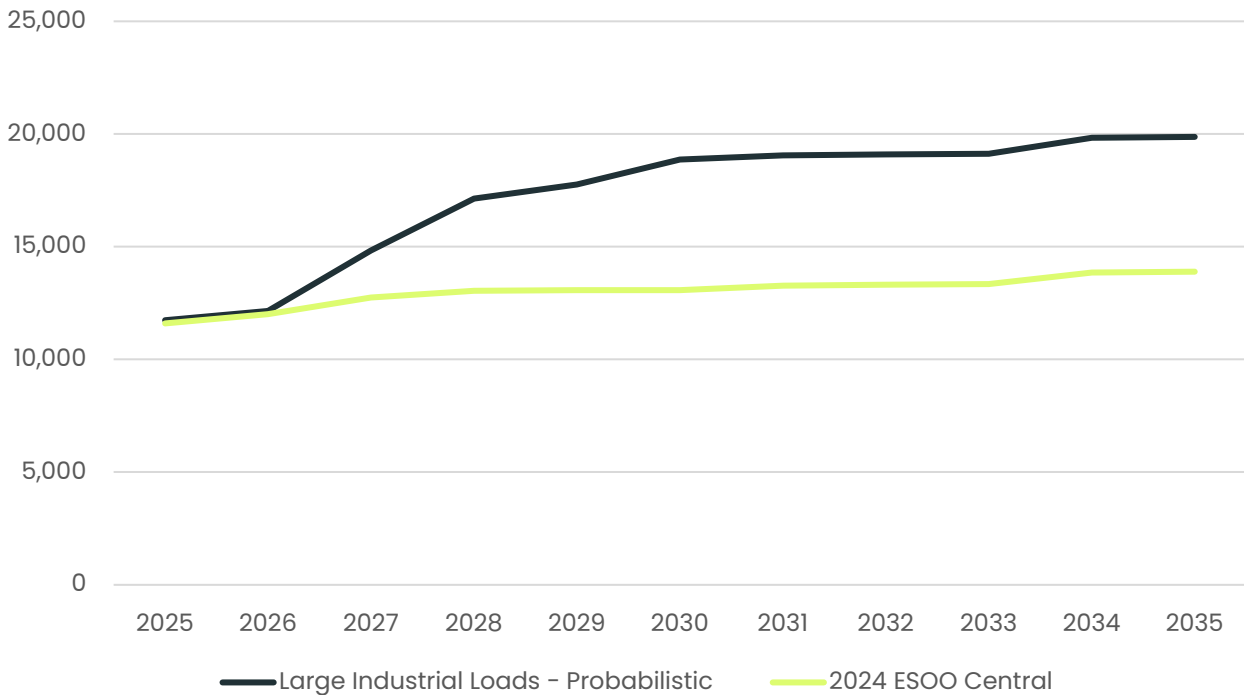
SA demand is expected to increase from large industrial loads in addition to AEMO's increased demand forecasts. This load is driven by the Government's economic strategy to capitalise on the global green transition. The Government is focused on the advantages of SA's vast renewable energy resources to the manufacture of products such as green iron and critical minerals.

The additional 900 MW of large industrial load in our forecast represents a probabilistic assessment of the demand growth expected to proceed. This is illustrated in Figure 1 below (in energy terms) set against the forecasts of the ISP. There is approximately 3GW of large industrial load actively engaged with ElectraNet and multiples more with consideration of hydrogen exports such as the SA Government's Port Bonython Hydrogen Hub.

⁶ Government of South Australia, "State Prosperity Project", p.3, <https://www.stateprosperity.sa.gov.au/images/State-Prosperity-Project-Document.pdf>

⁷ Government of South Australia, "State Prosperity Project", p.3, <https://www.stateprosperity.sa.gov.au/images/State-Prosperity-Project-Document.pdf>

Figure 1 – South Australia electricity demand growth outlook



ElectraNet wholeheartedly supports this plan in spirit and, through the Mid North Renewable Energy Zone expansion, intends to do what it can to support it in action as well.

In our earlier submission to the Draft 2024 Integrated System Plan (ISP),⁸ we brought this demand growth to AEMO’s attention. We also pointed out that it can only happen if renewable supply options are developed in time. If they are not, some projects will be delayed or prevented and others may pursue off grid alternatives, which are more emissions intensive and which would jeopardise the Government’s 100% Renewables target. Therefore, transmission network must be put in place to allow for load growth to be met. The same coordinated investment must ensure that the necessary generation capacity will be in place to supply emerging loads at least cost.

In particular, and as AEMO identified in the 2024 ISP, this is likely to require the development of the Mid North REZ Expansion.

ElectraNet first identified the potential need for the Mid North REZ expansion in the May 2023 update to our Transmission Annual Planning Report. Since that time it has been analysed by

⁸ ElectraNet, “2024 Draft Integrated Plan Submission”, p.7, <https://aemo.com.au/consultations/current-and-closed-consultations/draft-2024-isp-consultation>

others, leading to its inclusion in the 2024 ISP as South Australia's only current *actionable ISP project*.

Given the project's inclusion as an actionable ISP project, ElectraNet is required to analyse the project further and to publish a Project Assessment Draft Report in relation to it in December 2025. This Application is a key step in preparing that analysis and report.

1.2 Early works application

On 5 September 2024 the Australian Energy Market Commission (AEMC) gave effect to a proposal from the Commonwealth Energy Minister to make the 'early works rule change'.

In doing this the AEMC sought to encourage 'more and earlier planning activities' in relation to actionable ISP projects. It reached the view that the new rule would benefit electricity consumers by mitigating the risk of greater costs in future. The AEMC defined early works as activities which occur before construction of the preferred option and which either:

1. Improve the accuracy of cost estimates of the project; and
2. Facilitate the project being delivered within the specified time.

This CPA relates to Stage 1a (initial early works) activities associated with Mid North REZ Expansion. Stage 1a (initial early works) activities will:

- Identify and explore key risks and external factors that will impact the Project's overall costs. These works will assist to reduce cost uncertainty and identify reasonable risk cost amounts for Stage 2 (construction) of the Project, when the bulk of the costs of delivering Mid North REZ Expansion will be incurred. This will ensure that Stage 2 costs are prudent and efficient, and
- progress activities on the critical path to deliver Mid North REZ Expansion by AEMO's July 2029 target delivery date (i.e. "as soon as practicable").

We are committed to delivering the Project at the lowest sustainable, whole of lifecycle cost to maximise benefits to customers.

Section 4.3 of this CPA explains the relevant trigger events for Stage 1a (initial early works) and demonstrates that they have occurred.

In accordance with clause 6A.8.2 of the Rules, this CPA seeks the AER's approval to amend the capex allowance in our 2023–28 Revenue Determination and our revenue requirements and Maximum Allowed Revenue (MAR) for the 2023–28 regulatory period, so that we can recover the efficient costs of Stage 1a (initial early works).

It is anticipated that CPA's will be submitted for the following stages:

- Stage 1a (initial early works) – this application covers project initiation, project management and governance, cost estimation, stakeholder engagement, cultural heritage engagement, land acquisition and planning, option analysis and selection. This covers activities and commitments up to the PADR submission at which time a Stage 1 (early works) proposal will be submitted;

- Stage 1b (early works) – this application will cover the continuation of project initiation, project management and governance, cost estimation, stakeholder engagement, cultural heritage engagement, land acquisition and planning, option analysis and selection, early Contractor Involvement (ECI), detailed design, delivery planning, long lead-time materials procurement, easement and land acquisition. This CPA will cover activities and commitments up to CPA (Stage 2) submission;
- Stage 1c (early works) – this application will likely cover the commencement of early activities including the undergrounding of distribution network undercrossings and the execution of options to secure easements prior to construction commencement. These activities cannot be efficiently planned and estimated before further work is done as they are dependent on outcomes from the Stage 1b (early works) activities, specifically the early stage of the ECI process. and
- Stage 2 (construction) – this final application will cover all remaining works to the conclusion of the project.

1.3 Compliance with the National Electricity Rules

This CPA and the supporting documents establish the matters in clause 6A.8.2(f) of the National Electricity Rules (Rules), being:

- The forecast capex in the context of the contingent project (this application excludes an opex allowance requirement);
- The forecast of the total capex for the Project meets the threshold as referred to in clause 6A.8.A1(b)(2)(ii);
- The estimates of incremental revenue are reasonable; and
- The dates are reasonable.

1.4 Structure of this document

The remainder of this document is structured as follows:

- Chapter 2 describes the Project and the direction from AEMO in its 2024 ISP to proceed with Stage 1a (initial early works);
- Chapter 3 sets out the capital forecast for the initial early works activities;
- Chapter 4 sets out the regulatory requirements for this CPA; and
- Chapter 5 sets out our proposed revenue.

1.5 Project governance

The project reports on several fronts to ensure suitable governance, including a Steering Committee, Working Group and standard project reporting structures according to ElectraNet's Project Management Methodology (SPARQ).

1.5.1 Steering Committee

The purpose of the Project Steering Committee is to:

- Provide regular communications with the Executive Management Team (EMT) on project status and progress;

- Provide a forum for the Project Director/Project Manager to communicate with key ElectraNet stakeholders as a group on important project aspects and seek endorsement, approval, direction and guidance as required;
- Provide a forum to communicate, discuss and proactively manage aspects that have the potential to impact the project including people, health and wellbeing, environment, safety, employees, community, landholder, traditional owners, external stakeholders, public opinion, customer management and compliance;
- Provide a platform for information sharing so that there is a common understanding on the status of the major projects, including any challenges and obstacles, recommendations and key risks faced;
- Provide a platform for communication of project capex profiles and an interface with the Enterprise Portfolio Management Group (EPMG) to discuss broader portfolio optimisation opportunities; and
- Facilitate timely and strategic decision making for the project as required.

The Steering Committee contains the CEO all ElectraNet Executive Managers and a Chair that is independent of the Delivery business unit. Membership includes – Chief Executive Officer, Major Projects Sponsor (Chair), Executive Network, Executive Delivery, Executive Assets, Executive Legal, Risk & Governance, Executive Corporate Development, Chief Financial Officer, Executive People and Safety, Head of Major Projects.

1.5.2 Working Group

The purpose of the Project Working Group is to:

- Provide a platform for information sharing so there is a common understanding on the status of the project, the issues and key risks faced;
- Facilitate timely issue and risk escalation and resolution for the project;
- Provide direction to the project team as required; and
- Assist in the removal of obstacles that may impact the successful outcome of the project.

The Working Group contains ElectraNet Senior Leaders with direct involvement in the project deliverables. Membership includes – Head of Major Projects, Project Director, Head of Regulation and Corporate Affairs, Manager Commercial, Procurement & Estimating, Manager Network Planning, Manager Sustainability, Lead Land & Approvals, Manager Network Capability, Senior Legal Counsel and Head of Project Engineering.

1.6 Confidentiality

There are elements of this CPA and the attachments where ElectraNet claims confidentiality. ElectraNet claims confidentiality in relation to the detailed build-up of our expenditure by early works category.

2 Project Overview

2.1 Identified need

The identified need for the Mid North REZ expansion is defined in the 2024 ISP as follows:

The identified need for Mid North South Australia REZ Expansion is to increase power system capability of the transmission network to:

- *support the expected increase in renewable generation north of Adelaide to support growing demand in Adelaide;*
- *ensure adequate network capacity and supply for large industrial loads; and*
- *alleviate congestion on renewables from the Mid North to rest of the NEM.*

2.2 Credible options

ElectraNet is at the early stages of applying the Regulatory Investment Test for Transmission (RIT-T) to the Mid North REZ expansion Project. Part of the analysis to be done is to identify credible options that are capable of meeting the identified need.

In completing this analysis ElectraNet will compare both non-network and network options.

2.2.1 Non network options

AEMO called for nomination of non-network options by 18 September 2024 and publication of Project Assessment Draft Reports (PADRs) by 1 December 2025.

Responses were received for non-network options in response to the 2024 ISP:

- Confidential Response – Proposal for a BESS in the mid-north with a charging capacity of less than 30MW. The battery size and its point of connection at 132 kV make its possible impact on the Mid-North project minimal. There may be opportunities for this non-network solution to supplement the network solution. This will be determined during the RIT-T process;
- Confidential Response – Proposal for a BESS and Solar PV facility in the mid-north with expected final rating between 1000MW and 1200MW connected at 275 kV. This proposal is not considered to be a non-network alternative to the network solution, instead is anticipated to be complementary; and
- Loadstone Mines (Load) – This submission does not propose a non-network option but endorses the Mid-North northern REZ Expansion project, specifically the transmission proposed between Bunday and Cultana. Loadstone mines is developing a large magnetite mining complex in the Olary Flats, which is located approximately 330 km north-northeast of Adelaide. Loadstone plans to start operating the mines using off-grid, behind the meter power solutions but as operations ramp-up it expects in 5-7 years to require a connection to the South Australian network to ensure sustainability, reliability and longevity of the electrical supply.

2.2.2 Network options

Insofar as network options are concerned ElectraNet will consider the appropriate voltage of transmission lines that may be required. Broadly this is driven by the extent of the load growth forecast. More load requiring more electricity will drive higher voltages. ElectraNet has begun considering options up to 500 kV.

In considering the appropriate voltage, ElectraNet will also consider whether it is in the long term interests of electricity consumers to provision for future growth. For instance, ElectraNet's recent Eyre Peninsula project was designed to be upgraded from 132 kV to 275kV without requiring tower works if and when the need arises.

ElectraNet will also consider the route of a future transmission line. Route planning is at a very preliminary stage now and will be developed independently for the part of the project north of the Bunday substation near Robertstown and the part south of that location.

2.3 Need for early works

This project was included as one (1) of five (5) transmission projects in the 2024 Integrated System Plan that have progressed to actionable status. Based on AEMO's analysis the identified need should be met by July 2029 and a Project Assessment Draft Report is required by December 2025.

These timeframes are extremely short for a major transmission project. To meet them, ElectraNet must move promptly and without delay.

In the 2024 ISP, AEMO identified the following five categories of early works activities for the project:⁹

1. Stakeholder engagement – implementing meaningful engagement programs, including engagement with Traditional Owners and land councils, landholders, government, local communities, councils, environmental groups and other impacted stakeholders
2. Land use planning – planning approval activities, cultural heritage studies, environmental impact assessments and other necessary approval activities
3. Land acquisition – secure access to enable investigations; and acquire land and/or negotiate binding land options
4. Procurement activities – contractor engagement, procurement of equipment with long lead times, tendering activities to refine accuracy of cost estimates, and pre-construction works.
5. Project development – Additional activities required to support timely delivery of the project, for example some project management and design activities.

⁹ AEMO, Appendix 5. Network Investments, Appendix to the 2024 Integrated System Plan for the National Electricity Market, June 2024, p.41, available from <https://aemo.com.au/-/media/files/major-publications/isp/2024/appendices/a5-network-investments.pdf?la=en>

Some of the activities required to ensure delivery of the project by July 2029 have commenced already. To achieve the required timing ElectraNet must now progress the actions in each of the above categories, as described in further detail below.

3 Early works activity description and cost estimates

This chapter:

- Explains the scope of the initial early works which are the subject of this CPA and, to a lesser extent, those expected to be the subject of future applications;
- Provides an overview of the target outcomes of the initial early works; and
- Explains our forecasting methodology for, and the forecast cost of the initial early works activities.

Further information on our forecast and the scope of our initial early works activities is provided in our section 3.3 Forecasting Approach and section 3.4 Proposed Activities.

Table 2 details the estimated costs of our initial early works activities. These are entirely capex activities and include labour and third party activities. Further detail as to the scope for the activity and the basis of the estimates basis is provided below. A schematic providing further detail as to the activities that this application covers is in Appendix A. This identifies activities included in this application (green), activities that are partially included in this application (yellow) due to their ongoing nature or where development of requirements and scope as part of the initial early works may require further development, and activities that will be included in future applications (red) once requirements and scope are more well defined.

Table 2 – Initial Early Works Activities – Scope and Estimates

Description	Scope and Estimates
Project Management and support TOTAL \$4.1m	Costs to date - \$1,150k Project Director, Project Manager, Project Administration, Schedule and Cost Control resources, project expenses, vehicle costs, travel and accommodation - \$2,999k
Legal, Risk and Governance TOTAL \$3.7m	Legal, Risk, Insurance and Finance time directly spent on Foreign Investment Review Board applications, Construction contracting assessments, long lead-time materials procurement. Development of ECI/D&C Contracts, Early Works Contracts, Native Title Agreements, Cultural Heritage Agreements, Land Access Licenses, Easement Option Agreements - \$3,748k
Network Planning, Regulatory Approval and Network Capability studies TOTAL \$5.2m	Network Planning, Scope and Architecture development, Economic Analysis and scenario modelling, Regulatory Test analysis and development, Network Technical studies development to confirm scope and network impact assessment - \$5,239k
Corporate Affairs, Engagement and Stakeholder Management	Engagement lead, Stakeholder relations, Government relations, Communications and Media, Graphic Design - \$927k

Description	Scope and Estimates
TOTAL \$8.4m	<p>Strategy development, External Working/Reference Groups, Multi Criteria Analysis development, assessment and workshops, Route development and integration workshops, final route and site assessment reports - \$950k</p> <p>Engagement resources, Local community and landholder liaison resources, regional office leases - \$6,538k</p>
Cultural Heritage and Sustainability TOTAL \$6.1m	<p>Sustainability, Cultural Heritage resources, ISC Analyst resources - \$699k</p> <p>Traditional Owner Group (First People of River Murray and Mallee, Ngadjuri, Nukunu, Barngarla, Adnyamathanha and Adnyamathanha, Ngadjuri, Wilyakali Overlap) surveys and agreements, Field heritage coordination resources - \$5,069k</p> <p>Infrastructure Sustainability Council (ISC) certification fees, preparation, endorsement and submission costs - \$348k</p>
Land and Easements TOTAL \$6.7m	<p>Land access planning and coordination, Property research and landowner management, stakeholder management platform - \$1,069k</p> <p>Affected landowner consultation resources, preparation of access licenses - \$1,249k</p> <p>Option agreements preparation, fees and payments - \$3,450k</p> <p>Cadastral Survey - \$630k</p> <p>Strategic land identification and option agreements - \$262k</p>
Environmental and Approvals TOTAL \$2.1m	<p>Environmental and Approval Advisor resources - \$855k</p> <p>Ecology surveys, EPBC assessments and referral commencement, Flora and Fauna assessments - \$794k</p> <p>Planning assessments, preparation and submission - \$466k</p>
Contracts, Procurement and Estimating TOTAL \$2.2m	<p>Procurement and Contracts resources to support external engagements, contracting strategy and development - \$582k</p> <p>Optioneering and Detailed Estimating, independent estimate verification - \$1,641k</p>

Description	Scope and Estimates
Engineering TOTAL \$6.2m	Substation and Lines Design Manager resources - \$1,237k Substation, Lines, Cables, Secondary Systems and Telecommunications Engineer, Drafting resources - \$4,612k Engineering studies to support project scoping for Lightning, Earthing, Insulation Coordination, Concept Line Designs - \$280k Pre-qualification factory inspections (towers), PLS-CADD Licenses - \$57k
Project Delivery and Strategy TOTAL \$3.8m	GIS Analysts, GIS Data, Mobile GIS Devices, IT Infrastructure costs, Asset Management and Strategy resources - \$1,332k Innovation development and assessment, including drone stringing, alternative structure types, alternative footings concept designs, Aerial Services investigations - \$500k LiDAR, Preliminary Geotech - \$1,920k
TOTAL \$48.6m	

3.1 Scope of initial early works

As discussed in section 2.2, AEMO has identified five categories of early works activities for this project in the 2024 ISP.

As already noted, ElectraNet has identified the following activities in this CPA:

- Project initiation – this includes planning and design activities needed to accurately define the project, including pre-contracting activities for engineering, procurement and construction contracts such as obtaining binding bids;
- Cost estimation – finalisation, including quotes for primary and secondary plant;
- Land acquisition and planning – to identify and obtain all primary planning and environmental approvals, route identification, field surveys, geotechnical investigations, substation site selection, easement acquisition and preparation of option agreements with landowners;
- Stakeholder engagement – with local communities, landowners and other stakeholders; and
- Option analysis and selection – preliminary transmission line, structure and substation design, engineering concept design and planning, preparation and scoping of detailed design and early contractor involvement (ECI) activities.

3.2 Target outcomes

Our proposed activities will:

- Determine the prudent and efficient project costs for each of the options under development;

- Identify, explore and manage our project risks. This will allow us to mitigate and/or diversify the project's risks so that residual risk costs included in our Stage 2 Application are as low as possible, are mitigated as much as practically possible during the project development; and
- Achieve AEMO's target delivery date of July 2029 by ensuring that construction can commence as soon as possible following the approval of our RIT-T (PACR approval) and the AER's decision on this CPA.

3.3 Forecasting approach

Our initial early works capex will ensure that the project is delivered at the lowest sustainable cost to maximise benefits to customers. We have used the following forecasting techniques to derive our capex forecasts:

- Engaged service providers – we have used committed costs where external engagements have already been committed;
- Forecast labour – we have estimated internal resource effort and used current labour rates;
- Firm quotes – we have sought market quotes for some external work packages where the scope is sufficiently well defined to procure these services;
- Budgetary quotes – we have sought market quotes for a number of external work packages; and
- Estimates – we have used market knowledge and experience to estimate market costs for a number of external work packages.

3.4 Proposed Activities

The proposed activities for this CPA are summarised below:

3.4.1 Project establishment, governance and management

Project management and leadership across all workstreams as detailed below. The scale of the project requires a Project Director supported by Program Managers for each of the major delivery streams, substations and lines. Current and additional internal resources will manage development activities and prepare for the delivery of the project.

A robust governance structure has been established for the project, including:

- A Working Group of Senior Managers across the business to manage reporting, progress and escalation; and
- A Steering Committee of all Executive Managers.

It is critical to maintain the schedule, including careful identification and management of critical path activities, to achieve the July 2029 completion date prudently and efficiently.

3.4.2 Legal, risk and governance support

Internal labour and external legal advice to support stakeholder engagement, land and easement acquisition, cultural heritage, environmental approvals, procurement and other work activities.

3.4.3 Network planning, market modelling and economic analysis

RIT-T including document preparation, modelling and economic analysis and the development of expert reports. These activities are needed to prepare our regulatory submissions and seek the necessary regulatory approvals required before the project can proceed. These activities and specialist resources will assist to drive cost efficiency and reduce risk costs. These activities are required to meet AEMO's target delivery date of July 2029.

3.4.4 Network assessment, static and dynamic network assessment and development

Steady state (load flow) to determine transfer capability for each potential option, and present options based on technical ranking for assessment considering cost estimates and market modelling.

These activities are needed in Stage 1 to enable finalisation of technical scope allowing ECI and design activities to progress, this is required to meet AEMO's target delivery date of July 2029.

3.4.5 Stakeholder and community engagement

Stakeholder and community engagement plans are being developed to ensure effective engagement with local communities (including indigenous communities), landowners, stakeholders, government agencies, councils, and businesses throughout the development and delivery of the Mid North REZ Expansion Project. These activities will require careful planning and be well resourced to be successful in building stakeholder support for the project and meet stakeholder consultation expectations and requirements.

ElectraNet recognises recent learnings from other major transmission projects in Australia and our Stakeholder Management Plan will be based on industry best practice principles, incorporating engagement and consultation processes outlined by the International Association of Public Participation (IAP2) Spectrum of Public Participation. Strategic elements fundamental to the engagement approach will broadly include clearly demonstrating project need and benefits including the projects role in unlocking economic prosperity for South Australians, improving network resilience, ensuring a transparent process and authentic and personal engagement.

These activities are needed to meet the target delivery date of July 2029. We also expect that strong stakeholder support for the project will reduce potential opposition, thereby supporting cost efficiency, including by reducing risk costs.

The Stakeholder Management Plan will have a number of sub-plans that will be developed including Community Benefit Plan, Local Industry Participation Plan, Aboriginal Engagement Plan, Media and Communications Plan, and a Government and Regulatory Engagement Plan.

Further development of labour plans, including plans for engagement of apprentices, trainees, aboriginal people and aboriginal businesses are to be developed during the ECI with contractors throughout 2026.

3.4.6 Cultural Heritage engagement, agreements and survey

ElectraNet has a long-standing commitment to acknowledging and respecting Aboriginal and Torres Strait Islander cultures in the construction, operation and maintenance of our assets.

Engagement with traditional owners is a key component of the engagement strategy for the project. Traditional Owner Groups potentially impacted include:

- First People of River Murray and Mallee;
- Ngadjuri;
- Nukunu;
- Barngarla Determination Aboriginal Corporation;
- Adnyamathanha; and
- Adnyamathanha, Ngadjuri, Wilyakali Overlap area.

There will be requirements for negotiation, development and execution of agreements, undertaking field surveys of the entire line route and substation sites. This will be supported by field heritage coordination resources.

3.4.7 Land and easement acquisition

The project requires the acquisition of easements over a substantial amount of land that will impact many landholder properties. Land access is a critical step to enable construction. This involves:

- Determining the compensation to be paid to each landholder;
- Establishing option agreements to acquire land in Stage 1b;
- Securing land to enable expansion of existing substations at Cultana East and Cultana substations;
- Undertaking surveys to identify and protect places of cultural heritage significance along the route;
- Identifying sites for new substations so that designs can be undertaken to match the available site location, size and geotechnical conditions, whilst ensuring good access for the proposed infrastructure to meet the project need; and
- Engagement with landholders and negotiations to establish options for easements.

The project requires acquisition of land for new and expanded substations necessary to deliver the required scope. Valuation and acquisition costs including options to acquire land parcels is necessary to enable efficient planning and to ensure access for the necessary infrastructure.

These activities need to be completed before we can complete design and construction and therefore need to proceed as the next part of the early works. Our previous experience with land acquisition indicates that having a longer time period to negotiate with land holders reduces anxiety, costs for easement acquisition and the potential for compulsory acquisition. This means that completing land acquisitions related activities in Stage 1 will lower the risk costs in Stage 2 and will assist to meet the target delivery date of July 2029.

3.4.8 Development Application and environmental impact assessment

Development of the environmental approvals submissions, Development Approval (DA), and related activities need to commence as soon as practicable. A project of this scale is likely to require referral under the *Environment Protection and Biodiversity Conservation 1999 Act (EPBC)*, and an Environmental Impact Statement (EIS). Key activities include:

- Environmental approvals development including seasonal route surveys, environmental scoping report, technical and route option assessments; and
- Development of EIS documentation.

These activities and specialist resources are needed in initial early works to meet the July 2029 completion date. Further, the Environmental Approvals will set out conditions of approval, including any actions we need to undertake to mitigate the project's environmental impact.

ElectraNet is proposing to include gaining Infrastructure Sustainability Council (ISC) certification as part of the planning and delivery of this significant project. This certification is considered the most suitable and relevant environmental certification and will assist the project to build credibility and trust with stakeholders. There are fees, preparation, endorsement and submission costs associated with this certification.

Substantially progressing the environmental approvals in Stage 1 will therefore reduce risk costs in Stage 2. It is expected that a further Stage 1b (early works) application will be submitted late 2025 to allow these activities to conclude prior to Stage 2 (construction).

3.4.9 Procurement planning, readiness and contract establishment

An ECI process is necessary in Stage 1b (early works) to ensure appropriate design and planning is undertaken prior to Stage 2. During Stage 1 we will identify the best contractors to engage for construction, promote competition and innovation to lower costs including costs for risks for the construction works in Stage 2. Additionally, we will identify and develop contract types and structures to ensure efficient costs and management of risk during Stage 1 and Stage 2 execution activities.

During the initial early works stage, procurement activities are needed to engage the contractor market prior to engaging in an ECI process, including:

- Market assessment of suitable contractors;
- Development and engagement on Indicative scope identification, engagement models and market pricing, schedules, resources, implementation plans; and
- Development of agreements and engagement plans for Early Contractor Involvement (ECI).

Additionally, there is a requirement for ongoing procurement support related to external engagements to deliver all services for the Stage 1a (initial early works) and planning for subsequent phases including Stage 1b (early works) and Stage 2 (Construction).

3.4.10 Engineering assessment, concept design, early impact analysis, option identification and assessment, technical scope definition

Significant project engineering is required to successfully deliver significant transmission network projects. The initial early works stage requires concept and preliminary designs that include substation and lines design management, and substation engineering, lines engineering, cable engineering, secondary systems engineering, telecommunications engineering and drafting resources are all required for scoping, concept designs, specifications, consultant management, and overarching technical due diligence. Additionally, there will be expert engineering studies to support project scoping activities including Lightning performance, Earthing design, Insulation Coordination and Concept Line Designs. Engineering activities will then continue through Stage 1b (early works) supporting Early Contractor Involvement, detailed design and construction planning activities.

3.4.11 Innovation identification and review

An efficient and prudent project delivery needs to include potential innovations to facilitate efficient delivery. Innovations for development and assessment are proposed, including drone stringing, alternative structure types, alternative footings concept designs, aerial services investigations. Further innovations will be discussed and developed with the ECI contractor(s) once they are selected and engaged.

3.4.12 Site Assessments, initial geotechnical assessment, aerial laser survey (LiDAR) with high resolution imagery

Early assessments and site data are considered crucial to successful ECI and design activities. The initial early works should include key assessments, including:

- Technical site assessments to review and gather site specific information;
- Aerial Laser Survey to gather LiDAR data and high resolution aerial imagery; and
- Initial geotechnical reports and concept designs for contractors to prepare their scope and pricing in the ECI process described above.

3.4.13 Project Support, GIS management

The use of Geographical Information Systems (GIS) is a key tool for the majority of work streams, specifically Stakeholder Engagement, Cultural Heritage, Environment and Land Acquisition activities. Resources and external data sources as well as project inputs are key components of GIS services that assist successful project delivery.

3.5 Future early works applications

As discussed above, further early works CPA applications are anticipated to be submitted late 2025 and 2026. This submission will include continuation of project planning and management, option selection, cost estimation, scope and design development, land and easements planning and acquisition, stakeholder engagement, environmental approvals, cultural heritage approvals as well as capex activities related to procurement of long lead-time materials, Early Contractor Involvement (ECI) activities, and the commencement of early activities including the undergrounding of distribution network undercrossings and the execution of options to secure easements prior to construction commencement.

These activities cannot be efficiently planned and estimated before further work is done as they are dependent on outcomes from the Stage 1b (early works) activities, specifically the early stage of the ECI process.

The ECI procurement process will further develop innovation and cost reduction activities as well as undertake scope refinement and technical design. The ECI process will maximise responsiveness in the supplier market and ensure that the Project’s Stage 2 construction cost is prudent and efficient. This process will also ensure we are ready to start construction as soon as possible after the approval of our Stage 2 application, in order to meet AEMO’s target delivery date of July 2029. The procurement activities must be completed prior to construction commencing. Construction will be subject to successful completion and approval of the RIT-T, the approval of our Stage 2 application and our Board making a positive final investment decision (FID).

The value of the submission for Stage 1b and 1c (early works) have not yet been determined.

3.6 Capex threshold

The proposed capex of a contingent project is required to exceed either \$30 million, or 5 per cent of the MAR for the first year of the regulatory control period, whichever is the Lower. This is defined by the clause 6a.8.1(b)(2)(iii) of the Rules, which requires that expected capex is higher than the lower of \$30 million or 5% of MAR.

Table 3 shows that the forecast capex satisfies the relevant threshold. Therefore, the capex is covered by the contingent project requirements of the Rules.

Table 3 – Stage 1a (initial early works) activities – scope and estimates

AER Decision First year MAR	5% of MAR	Contingent Project Threshold	Pass / Fail
\$396.2m	\$19.8m	\$30m (\$nominal)	Pass (as capex > \$19.8 million)

4 Regulatory Requirements

The regulatory requirements for actionable ISP projects are contained in:

- Clause 6A.8.2 of the Rules; and
- The following AER documents:
 - Process Guideline for Contingent Project Applications;
 - Guidance Note for Regulation of actionable ISP projects; and
 - Cost Benefit Analysis Guideline.

The key requirements are outlined below. Tables 4 and 5 show how we have satisfied the regulatory requirements.

4.1 Rules requirements

This is an application to amend a revenue determination to include a contingent project that is an actionable ISP project. As such it must comply with clauses 6A.8.2(a), (a1) and (b) of the Rules. Those requirements are set out in Table 4 below, with a reference to whereabouts in this document each is addressed.

Table 4 – Compliance with Rules Requirements

NER, clause 6A.8.2(b) requirements	Reference in Application
(1) an explanation that substantiates the occurrence of the trigger event	Section 4.3
(2) a forecast of the total capex for the contingent project	Chapter 3
(3) a forecast of the capital and incremental opex, for each remaining regulatory year which the Transmission Network Service Provider considers is reasonably required for the purpose of undertaking the contingent project	Chapter 4
(4) how the forecast of the total capex for the contingent project meets the threshold as referred to in clause 6A.8.A:1(b)(2)(ii)	Chapter 4
(5) the intended date for commencing the contingent project (which must be during the regulatory control period)	Chapter 3
(6) the anticipated date for completing the contingent project (which may be after the end of the regulatory control period)	Chapter 3
an estimate of the incremental revenue which the Transmission Network Service Provider considers is likely to be required to be earned in each remaining regulatory year of the regulatory control period as a result of the contingent project being undertaken as described in subparagraph (3), which must be calculated: <ul style="list-style-type: none"> ▪ in accordance with the requirements of the post-tax revenue model referred to in clause 6A.5.2; ▪ in accordance with the requirements of the roll forward model referred to in clause 6A.6.1(b); ▪ using the allowed rate of return for that Transmission Network Service Provider for the regulatory control period as determined in accordance with clause 6A.6.2; ▪ in accordance with the requirements for depreciation referred to in clause 6A.6.3; and 	Chapter 5

NER, clause 6A.8.2(b) requirements
Reference in Application

- on the basis of the capex and incremental opex referred to in subparagraph (b)(3).

4.2 AER Guideline requirements

Table 5 lists the CPA requirements in the AER's Guidance Note and where we have addressed these in our Stage 1 Application.

Table 5 – Compliance to AER Guidelines

AER Guideline requirement	Reference in Application
Stakeholder engagement (section 3.4)	Chapter 3
Overview of stakeholder engagement approach and feedback received	Chapter 3
Project governance (section 1.5)	
Project governance framework and processes, including key roles, accountabilities and responsibilities	Chapter 1
Project (including risk) reporting, monitoring and evaluation arrangements	
Any supporting assurance arrangements	
Project Plans	
High level delivery schedule, with key milestones and timeframes	
Key dependencies and decision points for the project	Section 3 provides a high-level delivery schedule, with key milestones and timeframes
Project resourcing and capability arrangements	Section 3 provides a high-level delivery schedule, with key milestones and timeframes
Risk management framework and plan	
Established arrangements for post completion project review	
Procurement strategy, processes, and outcomes	
Overview of procurement strategy, including scope of work packages	
Tender Evaluation Plan(s), including roles and responsibilities of evaluation team N/A	Section 3 provides an outline of our procurement process for Stage 1a (initial early works), some activities are planned in Stage 1b (early works)
Overview of procurement process(es), including summary of activities and timeline N/A	Section 3 provides an outline of our procurement process for Stage 1a (initial early works), some activities are planned in Stage 1b (early works)
Outcomes of procurement activities N/A	
Tender Evaluation and Probity Report(s) N/A	
Risk assessment	The risk assessments will be developed during Stage 1a (initial early works) and Stage 1b (early works)
Detailed risk register containing identifiable projects risks	The risk assessments will be developed during Stage 1a (initial early works) and Stage 1b (early works)
A summary of the efficient mitigation steps taken for the relevant risks	Contractor scope of work and risk is not included in this the Stage 1 CPA, this will be provided in a future CPA submission once ECI has progressed.
An assessment for each residual risk	Contractor scope of work and risk is not included in this the Stage 1 CPA, this will be provided in a future CPA submission once ECI has progressed.
Assessment of the risks captured in contractors' scopes of work	Contractor scope of work and risk is not included in this the Stage 1 CPA, this will be provided in a future CPA submission once ECI has progressed.

4.3 Trigger events

A Transmission Network Service Provider may submit an early works CPA notwithstanding that the provider has not commenced, or completed, the RIT-T for the relevant actionable ISP project. The Mid North REZ Expansion Project is an actionable ISP project as outlined in the 2024 ISP.

This CPA and the supporting documents and models establish the matters in clause 6A.8.2(f) of the Rules have been satisfied, being:

- that the relevant trigger events to be eligible to submit a Stage 1 Early Works CPA for Mid-north REZ Expansion project have been met; and
- the forecast of the total capex for the project meets the threshold as referred to in clause 6A.8.A1(b)(2)(ii).

4.4 Project timing

The 2024 ISP identifies an in service date of July 2029 for the Mid North REZ Expansion Project.

The project construction period is expected to be approximately two (2) years. Therefore, meeting the July 2029 date specified in the ISP would require construction to commence no later than July 2027.

The ISP identifies a PADR submission target date of 1 December 2025. This activity and all supporting activities on the project require immediate commencement in order to achieve the required timing. Before construction can commence, ElectraNet must complete:

- Development Approval;
- Environmental approvals;
- Easement acquisition; and
- Cultural heritage approvals.

In respect of cultural heritage approvals, five (5) Traditional Owner groups will potentially be impacted. ElectraNet is committed to working with each of these groups to engage, assess, discuss and negotiate jointly beneficial outcomes. It is clear that as much time as possible should be allowed for engagement, agreements, survey and design participation.

Many of the activities above will involve interactions with people in communities who may be unfamiliar with electricity transmission and reluctant to see it in their area. Early engagement with stakeholders and these communities to understand and plan around areas of concern and opportunity enables the project to understand and address these matters in the early planning stage. Ensuring open and transparent communication with the affected communities reduces the risk of misinformation causing project delays. Incorporating community and stakeholder feedback into the planning phase also increases the likelihood of the project and process being accepted by the relevant communities. This broader stakeholder engagement is discussed further in section 4.5.

Activity in relation to these activities has commenced already. To complete them in time for construction to commence around mid 2027 will require that they are accelerated and, in turn, that they must be funded.

An Early Contractor Involvement (ECI) and detailed design process needs to be completed before construction commencement around mid 2027. The ECI is planned to commence around

March 2026, providing 12 months for this activity. Technical scoping and specification activities need to commence immediately to provide opportunity for the ECI and Detailed Design activities to be successful, enabling construction commencement with solid and defined scope.

4.5 Customer and other stakeholder engagement

ElectraNet is committed to meaningful, high quality, personal and early engagement with stakeholders, particularly with local community and consumer representatives. This is a key element of our stakeholder engagement principles that will increase the likelihood of the project and process being accepted by the broader community.

The overarching objectives of the project's stakeholder engagement are:

- Community acceptance of a fair and transparent process;
- Work in partnership with local communities and businesses where it is possible to do so;
- Listen to feedback, understand community views and consider how these can deliver a better project;
- Deliver accessible engagement that works for diverse audiences;
- Deliver lasting social, economic and environmental benefits for communities and regions;
- Build awareness of ElectraNet's role in the clean energy transition and enhance their ability to deliver reliable and sustainable electricity services to consumers; and
- Increase ElectraNet's positive social impact in the communities they serve to create a social legacy that fosters community trust and acceptance.

ElectraNet has commenced engagement with its Consumer Advisory Panel and other stakeholders in relation to the Project and this Revenue Proposal and will continue throughout project development and delivery. We welcome their involvement throughout the project and look forward to their continued engagement.

ElectraNet has commenced planning for broader community engagement activities for the project and is developing a Project Engagement Plan to be published around mid 2025. Early engagement with stakeholders and the broader community on all aspects of the Mid North REZ Expansion Project will begin in the first quarter of 2025.

The Project Engagement Plan will focus on three (3) key elements: Project Narrative, Process Transparency, and Authentic Engagement, along with five (5) principles of engagement:

- Transparency and integrity – actively share methodologies to maintain open, genuine conversations throughout each stage of the project, ensuring a fair, transparent process that fosters trust and accountability;
- Proactive inclusivity – by anticipating concerns and reaching out to diverse communities, ElectraNet ensures that all voices are heard, and engagement is tailored to meet individual needs;
- Accessible communication – ElectraNet is committed to using clear, simple language and tailored messaging to effectively engage with a wide range of audiences, facilitating dialogues in comfortable and familiar settings;
- Consistent engagement – the approach is consistent, personal and reliable, ensuring promises are delivered; and

- Commitment to value creation – ElectraNet focuses on building tangible benefits for all involved, seeking win-win solutions that enhance project outcomes and community well-being.

5 Forecast Revenue and impact on customers' bills

5.1 Proposed revenue for this application

This section sets out our incremental revenue forecast for the initial early works, having regard for clause 6A.8.2(b)(9) of the Rules.

We are seeking an adjustment to our capex allowance relating to the 2024/25 and 2025/26 regulatory years. It is proposed that these revenues will flow through in the remainder of the 2023–28 regulatory control period. As the AER will not make its determination on our Stage 1a (initial early works) application prior to the publication of the 2025/26 transmission prices, additional revenue for this year will be included in 2026/27 tariffs using the T-1 and T-2 adjustment methodologies as per our approved pricing methodology.

Therefore, this section shows:

- The impact to unsmoothed revenue (i.e. the Aggregate Building Block Revenue Requirement (ABBRR)) over the 2023–28 regulatory period; and
- The impact to MAR (or smoothed revenue) over the 2023–28 regulatory period.

Table 7 sets out the incremental MAR for initial early works for the 2023–28 regulatory period. This has been calculated using the AER's final decision PTRM updated for the 2024–25 Return on Debt. The resulting impact is \$3.74m (\$m 2022–23) in total for the 2023–28 regulatory period, or an additional \$1.25m per annum for 2025/26, 2026/27 and 2027/28.

Table 6 - Incremental ABBRR

\$m 2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	Total
AER PTRM ABBRR	385.46	413.66	408.55	419.48	399.77	2,026.92
Revised ABBRR	385.46	413.66	408.94	421.16	401.50	2,030.71
Increment	-	-	0.39	1.68	1.73	3.79

Table 7 - Incremental MAR

\$m 2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	Total
AER PTRM MAR	384.96	410.61	410.61	410.61	410.61	2,027.40
Revised MAR	384.96	410.61	411.86	411.86	411.86	2,031.14

\$m 2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Increment	-	-	1.25	1.25	1.25	3.74

5.2 A.1 WACC

We have calculated the incremental revenue for the initial early works using the same WACC assumptions as those adopted by the AER in its 2023-28 Revenue Determination, updated for the 2024-25 return on debt averaging period. This is consistent with the requirements of clause 6A.8.2(b)(4)(ii) of the Rules.

5.3 A.1 Debt and equity raising costs

We have utilised the PTRM to calculate the increment to Debt and Equity Raising costs based upon the same assumptions as those adopted by the AER in its 2023-28 Revenue Determination, updated for the 2024-25 return on debt averaging period.

5.4 A.2 Asset lives

We have allocated our forecast capex for the initial early works across regulatory asset classes, as detailed in our Capex Forecasting Methodology, provided as an attachment to this Application. Capex is depreciated in the PTRM using the standard asset lives used in the AER's 2023-28 Revenue Determination, except for equity raising costs.

The applicable standard asset lives are set out in Table 8.

Table 8 - Asset Lives

Asset Category	PTRM asset life
Easement	Not applicable
Land	Not applicable
Substation Primary Plant	44.8
Transmission lines - Overhead	55

5.5 Impact on customer's bills

In line with the price path calculations in the PTRM, and reflecting the same assumed energy as in the AER's final determination PTRM, the inclusion of the early works for the Mid North REZ Expansion will take average costs per MWh of energy from \$32.24 (\$ real 2022-23) to \$32.34 which is an increase of \$0.10.

Appendix A Activity scope

