



TRR 2027-32

Transmission Stakeholder Advisory Panel (TSAP)

Summary Notes for Meeting #4 – Deliverability, Opex and TSAP Engagement Check-in

Details	Members	AusNet Staff
<p>1pm to 5pm Tuesday 8 April 2025</p> <p>In-person & Online (MS Teams)</p> <p>Chair: Glenn Orgias</p> <p>Secretariat: AusNet prepared draft, finalised by Chair Glenn Orgias</p>	<ul style="list-style-type: none"> Glenn Orgias, <i>Chair</i> Alex Crosby, <i>Customer advocate</i> Andrew Richards, <i>Energy Users Association Australia</i> Gavin Dufty, <i>St Vincent De Paul (joined virtually)</i> Rebecca Xuereb, <i>Customer advocate</i> Richard Robson, <i>Citipower / Powercor / United Energy</i> Roy Unny, <i>Customer advocate (joined virtually)</i> Tennant Reed <i>(joined virtually)</i> Theodora Karastergiou, <i>Jemena</i> <p>Apologies:</p> <ul style="list-style-type: none"> David Markham, <i>Australian Energy Council</i> Harshal Patel, <i>Beca</i> 	<p>AusNet Staff:</p> <ul style="list-style-type: none"> Tom Hallam, <i>GM Strategy & Regulation (Transmission)</i> Aaron McArrich, <i>GM Project Delivery (Transmission)</i> Michael Larkin, <i>Price Review Manager</i> Lucy Holder, <i>Customer Engagement Manager</i> Jack San, <i>Senior Manager, Policy and Advocacy</i> Alastair Gowing, <i>Principal Consultant Customer and Community Engagement</i> CK Au, <i>Digital Enablement Lead</i> Khai Ling Chan, <i>Strategy Lead</i> Charlie Qin, <i>Regulatory Economist</i> Emma Ferrie, <i>Engagement Specialist</i> Eleya Pisani, <i>Business Graduate</i> Nicholas Gathercole, <i>Business Graduate</i> <p>Observers:</p> <ul style="list-style-type: none"> Dale Johansen, <i>Australian Energy Regulator</i>

Key outcomes

The panel was provided with an update on the review AusNet is undertaking to determine the deliverability of its capex proposal. AusNet will continue to engage with the panel and look for input as it prioritises aspects and finalises its capex proposal.

The panel left with a better understanding of the process AusNet undertakes to prepare its opex base year and opex proposal. Additionally, panel members were provided with an overview of AusNet's opex proposal from the previous regulatory period.

There was general support for AusNet using Regulatory Year (RY) 2026 as its opex base year and AusNet's proposed productivity trend.

Panel members received an overview of AusNet's three potential opex step changes relating to:

1. Network operations
2. Digital capability uplift and cyber security
3. Landholder engagement

Panel members were not opposed to these step changes. AusNet will continue to keep the panel informed as the proposal develops and as further information becomes available, including the release of the Victorian Transmission Plan.

Purpose & Agenda

Agenda item	Purpose	Lead/s	Timings
Welcome & introduction		Glenn Orgias	1:00pm 10 mins
Closing the loop on new connections	Provide and update on how the outcomes from the workshops on the new connections process into the transmission network will impact the TRR 2027-2032.	Tom Hallam	1:10pm 10 mins
TRR Proposal progress update	Provide visibility over the current status and key milestones in developing AusNet's TRR 2027-2032 submission.	Tom Hallam and Michael Larkin	1:20pm 60 mins
Process for determining opex The base, step and trend approach	Build the panel's understanding of the process for developing an opex proposal.	Michael Larkin	2:20pm 20 mins
AFTERNOON TEA			2:40pm 20 mins
Our opex history Recent performance and what we included in TRR 2022-27	Provide the panel with an understanding of AusNet's opex proposal and actual performance from TRR 2022-2027	Michael Larkin	3:00pm 15mins
Opex in 2027-32 TRR	Engage on AusNet's opex approach in the 2027-2032 TRR, focusing on parts where AusNet has some discretion on approach:	Jack San, CK Au and Alastair Gowing	3:15pm 45 mins

	<ul style="list-style-type: none"> • Agree on selection of opex base year • Agree on productivity trend • Take clear direction on proposed and potential step changes 		
Engagement check-in	Agree on an approach for future discussions, building on feedback on today's engagement approach	Glenn Orgias	4:00pm 45 mins
Wrap up and next steps		Glenn Orgias	4:45pm 15 mins
			5:00pm end

Summary of discussion

Topics	Discussion points
Welcome & introduction	<p>Glenn Orgias, independent Chair of the Transmission Stakeholder Advisory Panel, opened the session and introduced the key topics of deliverability and operating expenditure ("opex").</p> <p>Discussion</p> <ul style="list-style-type: none"> • Nil
Closing the loop on new connections	<p>Tom Hallam, General Manager Strategy & Regulation at AusNet, reflected on the New Connections Deep Dive Part 2 held on 25 March 2025. He discussed that the session was quieter than New Connections Deep Dive Part 1, given that majority of customers concerns were raised in Part 1 and Part 2 focused on AusNet's response.</p> <p>Tom shared that AusNet had been transparent on what they could and could not do, due to its remit, to improve connections processes. For the actions that AusNet committed to, Tom shared how and when AusNet would deliver them. Tom confirmed that AusNet has committed to providing regular updates on its actions through the AusNet website. AusNet noted that a new connections framework would be implemented when AEMO passes responsibility for connections to VicGrid later in 2025. He finally reflected that VicGrid and AEMO would have received valuable information on the types of connection portals and process clarity that customers want through the session.</p> <p>Tom then reiterated to the Transmission Stakeholder Advisory Panel (TSAP) how the insights from the New Connection Deep Dives would impact AusNet's TRR RY28-32, namely through the pricing methodology and the negotiating framework. In particular, he flagged that there would be material changes to the pricing for load and storage to reflect issues faced by distribution businesses, due to connections at 66kV terminal stations. He confirmed that AusNet does not plan to propose any opex step changes for connections process improvements in through the TRR process.</p> <p>Discussion</p> <ul style="list-style-type: none"> • Nil
TRR proposal progress update	<p>Glenn introduced this item and handed to AusNet to talk through TRR milestones and how they would interact with the Victorian Transmission Plan ("VTP").</p> <p>Tom reminded the TSAP that the draft VTP had been expected to be released in late March, but was now delayed. He noted that the final VTP is legislated to be delivered at the end of July, meaning the window for AusNet (and others) to analyse the draft and respond to it and</p>

for VicGrid to make any changes as a result will be compressed. Tom shared that AusNet will need to undertake a very significant piece of work on the draft VTP to understand its implications for the TRR proposal, and that it will not have the information required to do this analysis until the draft is released.

Tom noted the current capex range has changed, to \$2.5-\$2.8B (real \$2027, total over RY28-32), up from \$1.5-\$2.5B estimated in February. This change reflects further internal capex assessments of what is justified by cost-benefit analyses, AusNet's obligations, and customer needs. Tom flagged the significant work remaining to finalise these figures, and that they will likely change materially, particularly through an assessment of deliverability.

Tom shared that more broadly, there are three sources of capex for AusNet's transmission network, all of which are expected to have a "step" uplift:

- AusNet-initiated works: Determined through the TRR
- VicGrid-initiated works: Determined through the VTP
- Customer connections: Determined through customer requests. When augmentations occur, they increase shared network capacity, which will lead to increased connection volumes. Tom shared that AusNet is already seeing significant upticks in requests from distribution networks for more capacity, driven by a multitude of factors include new data centres.

Tom flagged that VicGrid will potentially need to make choices between replacement and augmentation over a certain timeframe, driven by both need and deliverability, and noted that securing the scarce resources is a major challenge.

Tom explained that capex programs have traditionally been determined by economic/customer drivers, but that due to the unprecedentedly large increases in capex needed, deliverability of major capex projects is becoming the primary moderator of network investments. This means the amount of economically justified capex may be higher than what can be physically delivered in that time, and for TRR 2027-2032, there may be some work that is economically justified but not proposed as it is beyond AusNet's maximum deliverable capacity. Tom noted that delaying capex projects creates risk from an asset and unplanned outage perspective, and that future discussions with the TSAP would involve prioritisation in this context. AusNet also flagged that planners would need to be involved in this prioritisation.

Aaron McArrich, General Manager, Transmission Delivery at AusNet, added that work on the existing network is more complex than work on new transmission infrastructure, which adds to deliverability challenges. Aaron noted that AusNet is looking at ways to encourage its delivery partners to grow their workforce sustainably now.

Aaron shared that AusNet has initiated a project to quantify and then address deliverability challenges. This work will cover resourcing challenges, and planned outages and network constraints. Tom talked through the different analysis streams for AusNet's delivery work, including capability and resource challenges, and material and equipment delivery timeframes. He also noted work already underway within AusNet to increase its capacity to deliver.

This introduction was followed by extensive discussion (below).

Discussion

- A panel member questioned whether the TSAP meeting on capex scheduled for June 2025 could be delayed, allowing AusNet more time to develop its analysis. AusNet said it will keep the scheduled time in order to provide the TSAP plenty of time to engage with the large capex program, but that there will be more than one session on capex.
- There was discussion on what has driven the ~\$1B increase in the capex estimate – is it by cost escalation or scope changes? AusNet said both had a material impact, and clarified that no new major station projects have been added since the TSAP last met.
- A panel member asked whether AusNet was using the updated Values of Customer Reliability (VCRs) for cost-benefit analysis. AusNet confirmed this was the case.

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- There were questions about whether AEMO's Integrated System Plan (ISP) projects would be reflected in the Victorian Transmission Plan (VTP). AusNet said it expects the VTP to include new greenfield works and metropolitan RIT-T projects, but that the specific inclusion of ISP projects is not clear. A panel member asked if AusNet would come back to the TSAP to discuss the VTP once it was released. AusNet confirmed that it would.
 - Several panel members commended and thanked AusNet for being the first network service provider (NSP) who has presented the deliverability challenge in this way.
 - There was discussion on the various challenges faced by distribution and transmission NSPs.
 - The importance of working transmission operators' views of deliverability into the next iteration of the ISP was discussed, with questions about how system level designers and policy makers might allow a broader set of players deliver transmission works if the established operators like AusNet reach capacity. AusNet noted this may be more relevant for greenfields, but that work on the existing network generally must be done by AusNet, and that deliverability is an industry-wide problem.
 - There was discussion around how delivery partners may adjust their charges due to the level of risk, and how this in turn, affects the overall project risk and costs passed on to customers. AusNet shared that the consistency it provides to delivery partners (in terms of work volumes, expectations, and relationships) helps to mitigate these challenges. A panel member raised that it would be helpful for AusNet to take the TSAP through its strategy in managing risk with delivery partners, how much risk is passed on to customers, and the possibility of triggering an ex-post review.
 - A panel member asked whether AusNet could increase its maximum deliverable capacity, for example by going to market in different ways and implementing new contracting arrangements. AusNet confirmed this is part of its analysis, and will be speaking to delivery partners on this topic.
 - A panel member asked whether the works deferred/not proposed in the TRR would have the same composition as the works that are proposed. AusNet said the decision to defer works would be driven by key measures including resource availability, sequencing and network access.
 - A panel member shared that from the contractor perspective, the time required to complete design is a major source of schedule uncertainty. They asked whether AusNet has considered how it could bring designs through the pipeline faster to reduce delays. AusNet said it hasn't formed a position on accelerating designs, but is thinking about this and is happy to hear ideas. AusNet shared some potential solutions including doing some design works before business case approval, or seeking approval for a program of works rather than for a specific project. Other TSAP members flagged that early regulatory requirements like RIT-Ts and community engagement were also sources of delay. AusNet agreed but noted these approvals can't be brought forward without information from planners.
 - There was discussion on the risk of deferring economically justified works resulting in forced outages – for example load shedding due to transmission-level constraints if capex projects do not occur.
 - A panel member asked if the AER's incentive/penalty schemes prevent planned outages, or does AEMO Operations directly refuse outages? AusNet confirmed that the latter was the case, and that AusNet would not cancel critical maintenance to avoid market impact penalties.
 - The need to keep jurisdictional coordinators in the loop on deliverability analysis was raised by panel members, noting for Victoria this will be DEECA from July 2025 onwards).
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- Confirming that AusNet is hiring in the current regulatory period, noting further step-ups would be needed in the next regulatory period. There was some discussion about whether these new hires would contribute to capex or opex.
- There were questions about whether higher-than-planned need for investment would trigger an ex-post review, and whether the regulatory regime is fit-for-purpose in an environment of rapid and uncertain growth.

Process for determining opex

Michael Larkin, Price Review Manager at AusNet, introduced this item, noting the focus of engagement will be on controllable opex (i.e. the components that AusNet has flexibility on) and less on opex that is not in AusNet's control (such as easement land tax). Michael gave an overview of the AER's standard "base, step and trend" approach for determining opex allowances, designed to optimise efficiency using a revealed-cost forecasting approach.

Michael proposed RY26 (April 2025 to March 2026) as the base year for this TRR, and talked through the categories of spend that would be excluded, including costs for growth assets that would eventually join AusNet's regulated asset base (RAB). Michael then shared the forecasts that AusNet typically uses for the "trend" aspect of opex.

Lastly for this agenda item, Michael talked through the typical categories for step changes, calling out information technology (IT)-related cloud expenses as an example. He spoke to the history of why IT opex tends to be treated in this way, as it accompanies IT capex but is not otherwise accounted for.

Discussion

- There were questions about which assets "roll in" to AusNet's RAB. AusNet confirmed that contestable works are always outside the RAB, negotiated services (e.g. integration of generator connections) stays outside the RAB, and that DNSP connections and non-contestable AEMO augmentations roll into the RAB.
- AusNet was asked how the AER assesses step changes for council rates. There was discussion about how the AER might model council rates using tax rates and land values, and the impact of law changes on council rates.
- A panel member asked whether the opex forecast includes costs for the teams that deliver capital programs. AusNet confirmed that these teams are generally capitalised (i.e. not opex), but that some corporate support functions do contribute to opex.

Our opex history

Charlie Qin, Regulatory Economist at AusNet, provided an overview of AusNet's historical opex performance, including in the current regulatory period. He shared how AusNet has been impacted by the EBSS, noting that in recent years AusNet has received rewards, but is forecasting penalties in the near future due to rising opex costs.

In response to an action item taken at a previous meeting, Charlie provided an overview of AusNet's proposed and actual expenditure on step changes in the last TRR (2022-2027), including:

- Cyber security – Charlie shared AusNet's actual opex is tracking closely with allowances.
- Cloud (IT) - Charlie shared AusNet's actual opex is tracking closely with allowances.
- EPA (environment) - Charlie shared AusNet's actual opex is tracking closely with allowances.
- 5-minute settlement - Charlie shared AusNet's actual opex is tracking closely with allowances.
- Council rate – Charlie noted that there is an underspend for council rates. This step change was implemented based on the 2017 amendment to the methodology of valuing land, to include the value of infrastructure improvements. It was expected this would result in AusNet needing to pay more in council rates. However, Councils have

not been charging what they are legally permitted, leading to AusNet underspending in this area.

- Insurance – additionally for insurance, Charlie noted an underspend. Charlie shared that this is attributed to challenges AusNet has faced in securing coverage during the current regulatory period, as well as broader changes in the insurance market that have results in lower costs.

In response to another previous meeting action, Charlie shared examples of opex step changes that each Transmission Network Service Providers introduced in their most recent TRRs. Charlie noted that the number of step changes AusNet is proposing is broadly comparable across networks.

Discussion

- A panel member asked for more clarity on the penalty that AusNet is expecting to incur under the EBSS. The panel member further questioned why AusNet would not adjust its forecasts for the TRR 2027-2032, if the expected penalty is due to a forecast in opex overspend. AusNet responded by sharing that when the AER reaches its final decision for the TRR 2027-2032, the estimate for AusNet's 2025-26 opex will be updated and based on actual expenditure. As such, the current forecast will not impact the AER's final decision. AusNet's incentive is to get the opex forecast as accurate as possible to minimise the movement in its opex forecast and EBSS rewards. A panel member asked what AusNet is including in its opex request in the upcoming regulatory period (2027-2032) in regard to council rates. AusNet said it will include the actual cost of council rates incurred during the current regulatory period but noted that if councils choose to increase their rates to the maximum amount, AusNet will be required to absorb the additional cost.
- Panel members asked for further clarification on the EBSS scheme and if it's calculated on an annual basis. AusNet said the penalty or reward will have a cumulative impact over the next 5 years.
- A panel member asked if AusNet is incentivised to choose a year with high opex as its base year, so that it will be more likely to spend under and receive a reward based through the EBSS scheme. AusNet said that selecting a base year that doesn't accurately reflect operating costs would create issues for its internal budget reporting and optics. It added that there is no incentive or financial gain for AusNet to under- or over-estimate its base year.
- A panel member asked who takes on the risk of AusNet's reduction in insurance, i.e. customers or AusNet. AusNet confirmed it takes on the risk.

Opex in 2027-32 TRR

Michael Larkin provided an overview of AusNet's overall opex proposal for the TRR 2027-2032, and sought the panel's approval of AusNet's selection of an opex base year, productivity trend and receive feedback on the proposed step changes.

Michael noted that AusNet's opex forecast is based on the 2026 regulatory base year (April 2025 – March 2026) which has only just begun, meaning it's using a forecast of what AusNet expects to spend in this regulatory year but this would be finalised by the time the Final Proposal is submitted to the AER. The rationale for using RY 2026 is that it most accurately reflects its costs in the next regulatory period, including AusNet's new organisation structure, and adjustments made to contracts with its delivery partners. He noted the majority of AusNet's opex is uncontrollable, and that easement land tax makes up approximately two thirds of AusNet's opex.

Michael explained how AusNet is using the AER's standard productivity trend for its opex in the TRR 2027-2032, including adopting the AER's standard approach to forecast wage growth (using the average of independent market forecasts).

Discussion

- A panel member asked if easement land tax will be increasing during 2027-32. AusNet responded by saying it has forecast easement land tax to continue increasing at a rate consistent with recent historical trends.
- A panel member asked for clarification on why AusNet would select RY 2026, rather than RY 2025. AusNet reiterated that RY 2026 opex will most accurately reflect AusNet's ongoing opex costs.
- A panel member asked about the increase between RY 2025 and RY 2026, specifically how much of it was due to trend growth versus step changes. AusNet said the trend increase has a relatively minor impact, while step changes occurring after the base year could significantly affect its calculations. AusNet added that if an opex increase begins in early 2026 and 2025 is used as the base year for the TRR 2027–2032 proposal, AusNet would need to apply a step change. However, if 2026 is used as the base year, with the increased opex already incorporated, no additional step change would be necessary.
- There was general support for AusNet to use RY 2026 as its opex base year, provided the TSAP is satisfied that the additional opex AusNet is incurring in RY 2026 (up from RY 2025) is efficient. AusNet took an action to provide more detail on this.
- Panel members were comfortable with AusNet using the AER's standard productivity trend for its opex approval in the TRR 2027-2032.

Step change #1 | Network Operations

Jack San, Senior Policy and Advocacy Manager at AusNet, presented an overview of a step change AusNet is proposing on network operations, relating to a potential transfer of responsibilities from AEMO. AusNet clarified that it will not be (and is not seeking to) take over all functions that AEMO currently manages in the Victorian Operations, and the final delineation of responsibilities is a live conversation.

Jack shared that Victorian Operations refers to the act of operating the network during system normal, network outages and during incidents and emergencies. To support taking on this new role, AusNet would need up to 11 additional Full Time Employees (FTEs). Jack noted uncertainty around the exact timing of a decision and delineation of responsibilities, but that AusNet is hopeful it will be made soon, prior to the submission of its TRR Proposal.

Discussion

- A panel member asked if AEMO currently recovers the fees from managing Victorian Operations through the Transmission Use of System (TUoS) fees. AusNet confirmed this is true. The panel member asked if there would be a change in TUoS fees if AusNet were to take over this role. AusNet said that the fees charged through TUoS would be transferred over into AusNet's fees, so customers should not experience an increase in costs.
- A panel member asked if customers would incur additional costs as a result of AEMO transferring this function to another organisation such as AusNet. AusNet said it won't know exact costs until decisions are made on if, when and how a transfer would occur.
- A panel member asked why AEMO doesn't keep performing the role of managing Victorian Operations, rather than passing it onto AusNet. AusNet noted that while a decision has not been made, Victoria is the only state where AEMO performs these operations functions and they're keen to move them on to be consistent with every other State. AusNet already has a lot of the capabilities to manage Victorian Operations (given it implements AEMO's directions).

Step change #2 | Digital Capability Uplift & Cyber Security

CK Au, Digital Enablement Lead at AusNet, proposed an opex step change to uplift AusNet's digital and cyber security capabilities.

CK explained that digital solutions are increasingly being offered as subscription services which, from a financial perspective, will now be treated as opex rather than capex.

CK explained how the proposed digital investments would benefit customers:

- Improved network security, by providing more sophisticated tools to AusNet's control room.
- Fast emergency response, as AusNet's teams will have better visibility of demand for the transmission network.
- Improved network reliability, through improved asset data management and asset maintenance planning.

CK added that the proposed digital opex step change will improve AusNet's ability to address growing challenges on the transmission network, including:

- More severe storms are putting strain on AusNet's control room, with the team managing more and more complex incidents.
- Increasing complexity managing the network with the move away from coal to renewables.
- Increasing risk and intensity of cyber-attacks on critical infrastructure (which AusNet's transmission infrastructure is classified under).

Discussion

- A panel member asked if AusNet's proposal to uplift its digital capability will include a digital capex proposal, in addition to an opex proposal, in its overall TRR 2027-2032 submission. AusNet confirmed there will be a growing digital component in its capex proposal, which it will talk about in greater detail when it presents its full capex proposal. AusNet added that it sees the opex portion of the digital uplift flowing from the capex program. The panel member asked whether there is a historical benchmark for the percentage of opex to capex – for example, 5% of opex per dollar of capex – and whether this ratio is expected to change given the shift toward subscription-based digital solutions. AusNet took this question on notice but noted it is observing a high percentage of opex relative to capex for its digital investment. AusNet added that it will present its totex case, which encompasses both capex and opex, and will then benchmark the totex with other transmission businesses to help give the panel a more complete view.
- A panel member asked whether AusNet would provide a cost-benefit analysis of its opex proposals for the panel's consideration. AusNet responded that, in the case of a Network Operations step change, this would be driven by a regulatory requirement. In such a scenario, AusNet would need to demonstrate that its proposal delivers the required uplift in capability in the most efficient way. AusNet also noted that it will present a cost-benefit analysis of its digital proposal in its capex engagement meeting scheduled for June 2025.
- A panel member asked to what extent AusNet's proposed opex digital uplift overlaps with AEMO's responsibilities in forecasting and system operations. They also asked about how far AusNet intends to extend its efforts into distribution networks, noting that the proposed digital capability uplift – particularly around DPV generation forecasting – appears more aligned with distribution than transmission. AusNet said that as more energy flows through the distribution network, it can lead to significant fluctuations at terminal stations. As a result, the transmission network must have the capability to respond to these swings in order to protect equipment and maintain system stability. AusNet noted that these fluctuations are becoming increasingly complex due to evolving generation and storage technologies on the distribution network. Due to this, AusNet requires capabilities that weren't necessary a decade ago. AusNet added that distribution businesses will also need to enhance their capabilities in response to this shift, and that coordinated investment between transmission and distribution networks will be critical to ensure their systems can operate effectively together.

- A panel member asked if any of the proposed digital investment are targeted towards enabling the transmission system to better adopt AI forecasting. AusNet responded by saying that the role of AI isn't explicitly called out but is prevalent in the digital capabilities its proposing.
- A panel member asked if any of the proposed digital initiatives will have an impact on market interface activities. AusNet responded that it has grouped those initiatives under a program referred to as market assistance, which will be discussed in future.

Step change #3 Landholder engagement

Alastair Gowing, Customer and Community Engagement Principal Consultant at AusNet, provided an overview of an opex step change AusNet is considering regarding uplifting its capabilities in landholder engagement for the transmission network. The consideration for this step change is due to:

- Changing and rising expectations of landholders who host existing transmission assets and infrastructure on their properties.
- Changes in Government and Regulator requirements.
- Changes in industry best practice requirements around landholder engagement.

Lucy Holder, Customer Engagement Manager at AusNet, noted the group will be going into more detail on the potential landholder engagement opex step change in the upcoming Landholder Experience workshop scheduled for 1 May 2025. Lucy noted AusNet is inviting both landholder advocates and broader representatives of Victorian transmission customers, and the focus of the session will be on defining the level of service AusNet will provide in its engagement with landholders who host existing transmission infrastructure, to include in its Draft Proposal.

Discussion

- There was a conversation on the large pipeline of capex projects, and how much of the landholder engagement proposal is driven by the need to support this work.
- A panel member asked if landholder engagement would be considered in project costs, or if AusNet is seeing ongoing requirements. AusNet responded that while the costs of individual projects will be capitalised, there is an initial need to uplift its internal capabilities and systems to support those projects. AusNet is proposing that an opex step change is, therefore, required to fund this foundational work.
- A panel member asked how AusNet would treat situations where it is required to pay "land rental costs" (compensation) when doing major transmission works, and whether these would be capitalised or treated as opex. AusNet explained that the purchase of easements has traditionally been capitalised but rental payments (if they were negotiated through access arrangements) would likely be classified as opex. There was further discussion on the implications of this approach, including whether such costs would constitute an opex step change or be treated as a pass-through.
- A panel member asked if AusNet would be in a position to provide a range of costs for payments to landholders, and how such payments might impact all transmission customers. AusNet clarified that it is not considering direct payments to landholders for changes to existing easements, and views this as a policy matter for the Government to address.
- There was discussion on invitees for the upcoming landholder experience workshop and AusNet agreed to invite AEMO and VicGrid.
- A panel member asked if AusNet has an estimate of what costs it will propose to increase its landholder engagement capabilities. AusNet confirmed it will have these for discussion at the upcoming landholder experience workshop.
- There was discussion around how the Victorian Transmission Plan may impact landholder engagement. AusNet clarified that any capex (or opex) impacts of the Victorian Transmission Plan have not been factored in yet, but there are likely symbioses to be found.

Engagement check-in

In this session, AusNet staff left the room to allow TSAP members to discuss the current TRR engagement process and to give feedback on the engagement sessions.

Discussion

- Panel members commented that the onboarding is good, and that the slide packs that are prepared for pre-reading are detailed and helpful and the disclosure is good. The panel was of the belief that AusNet is setting up this engagement for success.
- It was discussed that the openness and transparency of AusNet in the engagement process is much appreciated.
- It was noted that the totex proposal is likely to be significant compared to previous resets, and that this may result in a higher level of panel feedback towards the end of the engagement.
- The panel believed that clear guidance on what the panel can have an influence over is valuable. The slide packs are very detailed, and the meetings move along quickly, so to be most effective AusNet should call out specifically the feedback they are seeking in each session. What are the key slides/messages and what questions/implications do they pose?
- There were queries from the panel if AusNet is asking the panel all the questions it needs to, and that AusNet should feel free to put pointed questions to the panel where direct feedback is required.
- It is clear to the panel that AusNet is seeking to be challenged on its approach to the TRR, and that AusNet has done significant due diligence and is well prepared. It is appreciated that AusNet will revert with answers to questions if they can't be answered immediately.
- The flexibility of the hybrid approach around meetings (online and face-face-face meetings) was appreciated by the panel.

Wrap up and next steps

Glenn updated the panel on the next steps for the TRR 2027-2032 engagement program and closed the meeting.

Action items				
	Action from TSAP Meeting #4	Assigned to	Status	Due
1	AusNet will discuss the Victorian Transmission Plan, once it is released with the panel.	AusNet Reg Team	Not started	TBC
2	AusNet to explain its strategy in managing risk with delivery partners, including how much risk is passed on to customers and the possibility of triggering an ex-post review.	AusNet Delivery Team	In-progress	June 2025
3	AusNet to share the drivers of the increase in opex from RY 2025 to RY 2026.	AusNet Reg Team	In-progress	June 2025
4	AusNet to provide a historical benchmark for the percentage of opex to capex (e.g. 5% of opex per dollar of capex) and whether this ratio is expected to change given the shift toward subscription-based digital solutions.	AusNet Reg Team	In-progress	June 2025

5	AusNet to present a cost-benefit analysis of its digital proposal in its capex engagement meeting scheduled for June 2025.	AusNet Digital Team	In-progress	June 2025
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