

# AusNet

## Transmission Revenue Reset 2027-32

Webinar + Q&A on AusNet's draft  
proposal for Victoria's existing  
transmission network

12pm to 1pm Friday 15 August 2025



## Acknowledgement of Country

AusNet acknowledges Aboriginal and Torres Strait Islander people as the Traditional Custodians of the lands on which we live and work. We pay respects to Elders past and present and celebrate their continuing connection to Country.



# AusNet's transmission role

AusNet owns and operates most of the electricity transmission network in Victoria\*. Our role is to transport electricity from large coal, gas and renewable generators across Victoria and interstate, to terminal stations that supply large customers and the distribution networks. Those networks then deliver the electricity to households and businesses.

**Unlike in other states, our business does not plan expansions or upgrades of the transmission network.** Instead, this responsibility is undertaken by AEMO, as the appointed planner for the Victorian network. In 2025, this will be transferred from AEMO to VicGrid.

AusNet is however responsible for maintaining the reliability and safety of the existing transmission network.

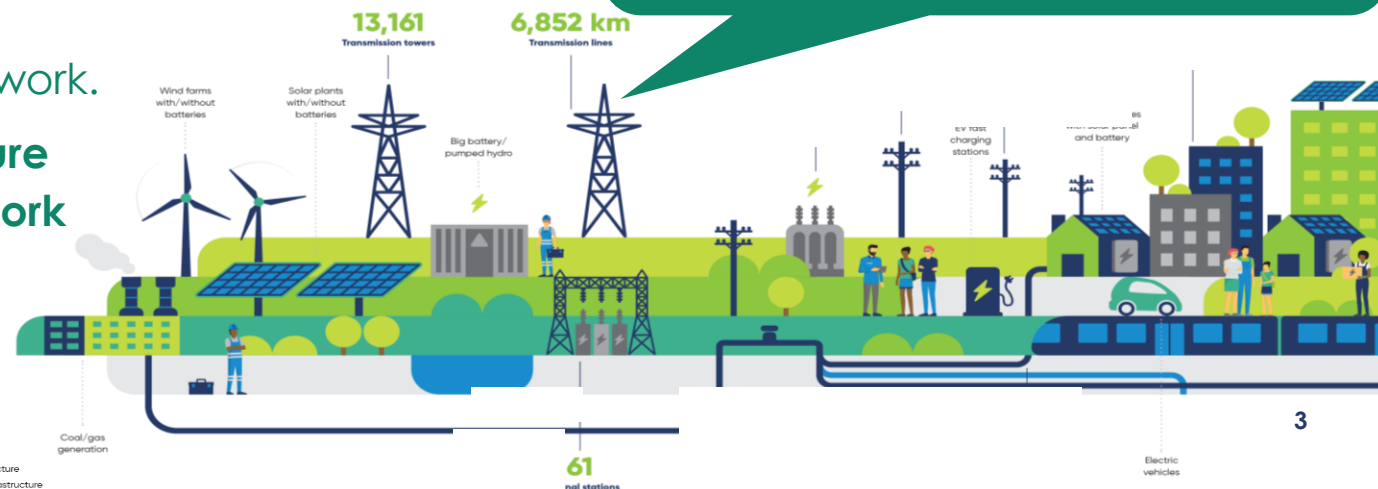
**Therefore, our TRR proposal relates to the expenditure required to operate and maintain the existing network and its service levels.**

*\*13% of terminal stations are owned by other parties*

The Victorian transmission network was originally established to transport energy from the principal coal generation hub in the Latrobe Valley. However, as Victoria's energy system transitions to a low carbon future, usage of the transmission network is changing.

|                                                              |                                                   |                                                   |
|--------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| ~ 50                                                         | 9.85 <sub>GW</sub>                                | 8.82 <sub>GW</sub>                                |
| Generators connected into the Victorian transmission network | Peak summer operational demand (achieved Dec '24) | Peak winter operational demand (achieved Jun '25) |
| 6,551 <sub>kM</sub>                                          | 13,180                                            | \$4.2 <sub>B</sub>                                |
| Transmission lines                                           | Transmission towers                               | Regulated Asset Base (as at Dec '24)              |

**In addition to the five distribution networks, AusNet's transmission network supplies a handful of directly-connected load customers.** All other Victorian homes and businesses are supplied via the 5 distribution networks.



# Defining the TRR process

The Transmission Revenue Reset (TRR) is the formal process undertaken every five years with the Australian Energy Regulator (AER) to develop the expenditure plans for our network – starting 1 April 2027.

The AER assesses our plans and set our revenues, which affect the prices customers pay for electricity and the types and quality of services we deliver.

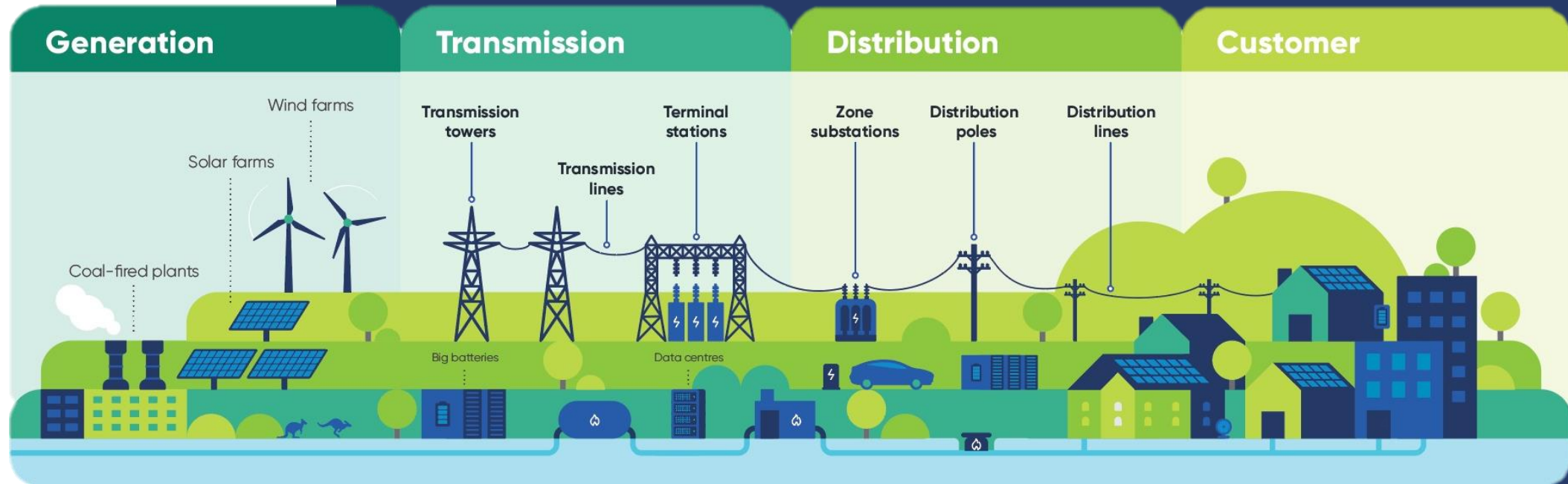
## HOW IS OUR PLAN ASSESSED?

It is assessed against its compliance with the National Electricity Objective – that is, that it *meets customers' long-term interests*.

This is subjective, so engagement is essential.

## IN SCOPE:

- Replacing, strengthening and maintaining assets on the existing transmission network
- Customer service standards
- Integration of our plans and functions with the Victorian planners' and distributors' augmentation and growth plans.



We encourage you  
to ask questions

We have set up a Slido  
Q&A

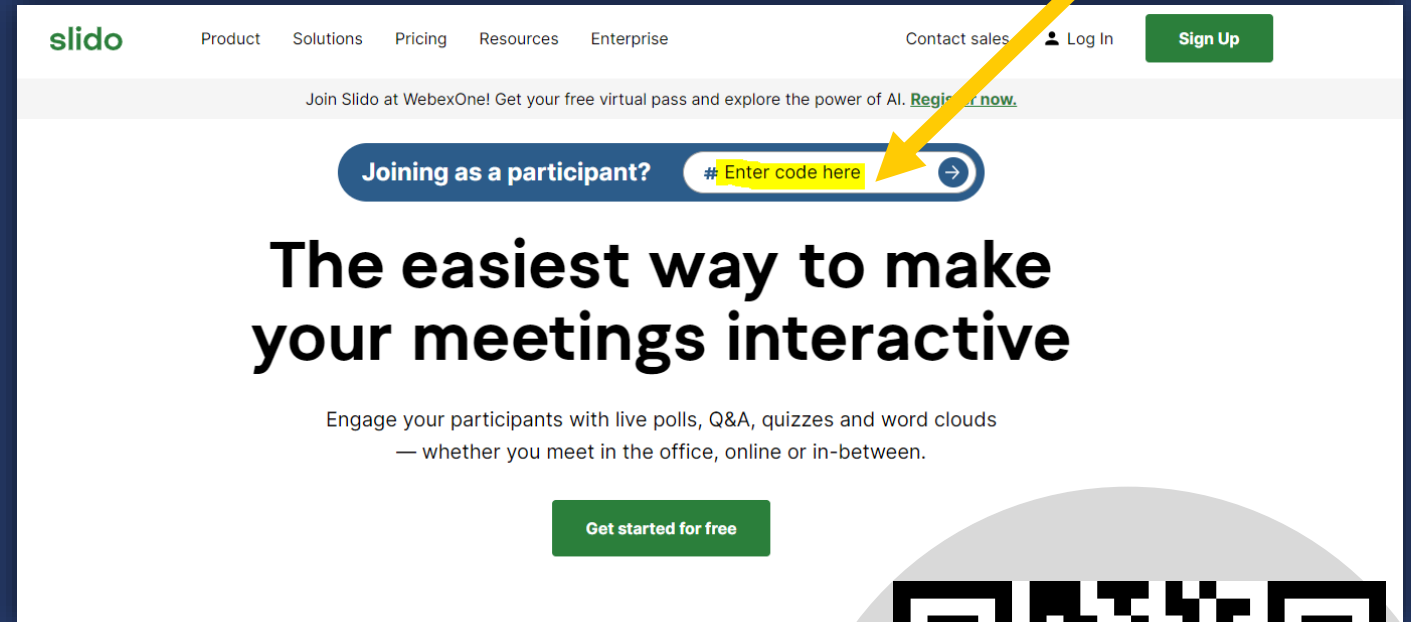


You can post  
anonymously,  
view and like  
others' questions.

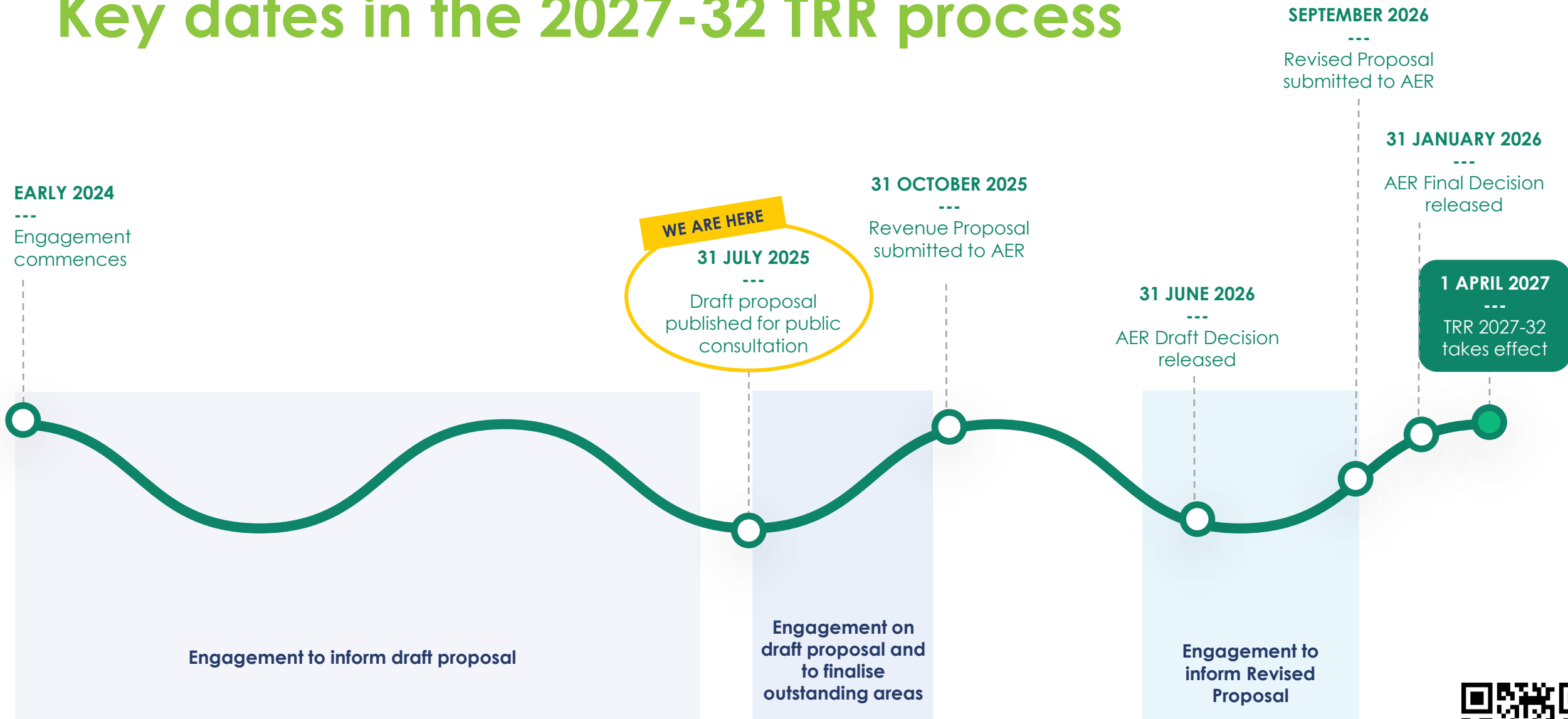
Q&A details will be at the bottom of each  
page



Go to [slido.com](https://www.slido.com) and enter code **9527021**

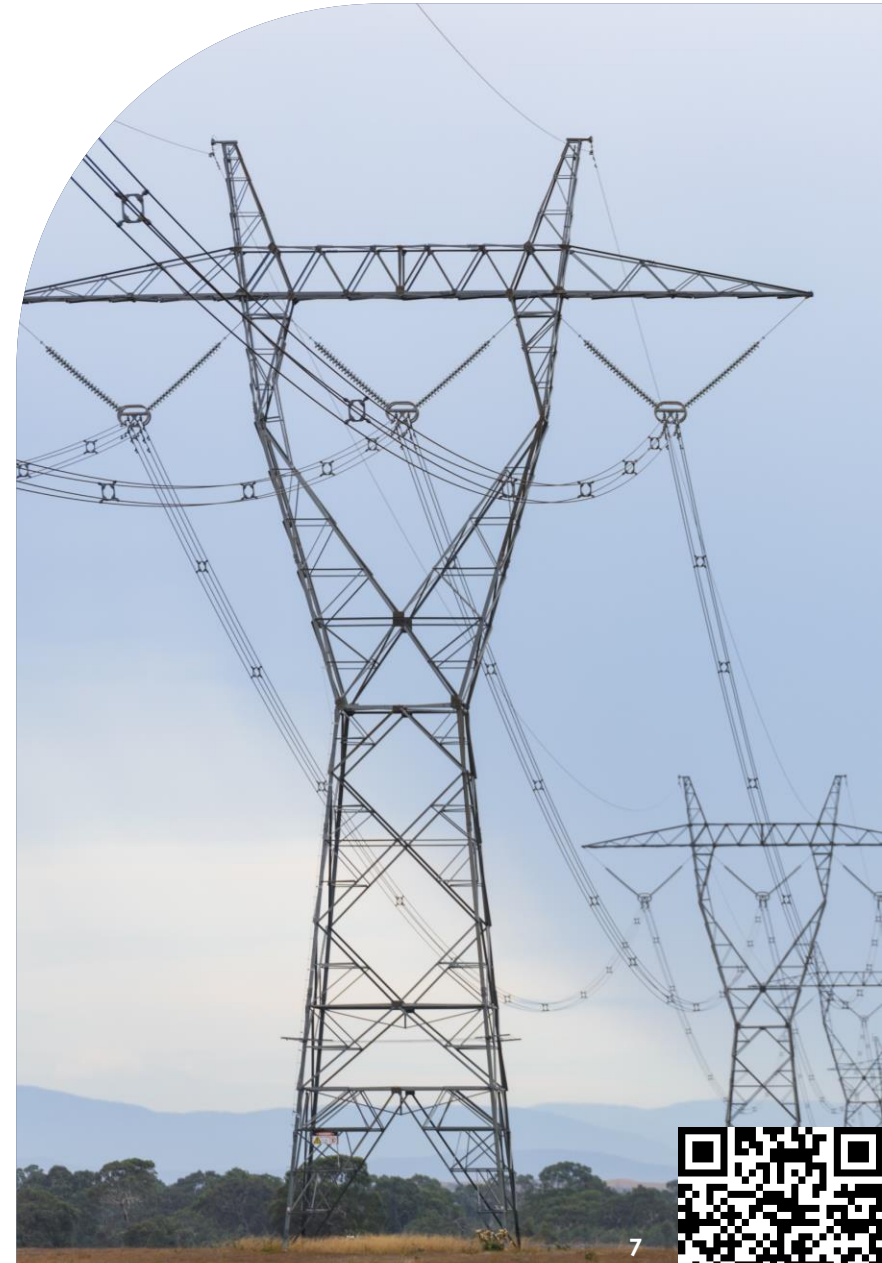


# Key dates in the 2027-32 TRR process



# Our planning context

- **Starting from a strong base** with the highest opex efficiency, second-highest capex efficiency, lowest cost per end user and lowest cost per MWh of transmission networks in the NEM. We are currently the most reliable transmission network – important given our central location.
- **Transmission infrastructure reaching end of life** and requiring significant replacement and upgrades.
- **Greater operational complexity** due to decentralised, intermittent generation.
- **The closure of coal-fired power stations** and the need to replace them with energy generation from largely renewable sources
- **Increased demand and connections** from data centres and Battery Energy Storage Systems.
- **Managing system strength** amid rising variability in energy demand, especially very low demand periods (Minimum System Load).
- **Growing risks from extreme weather events** requiring stronger grid resilience.



# Stakeholders have helped shape this draft proposal, but we want more feedback before we finalise it

## MORE INFORMATION

can be found on our Community Hub site via the [link](#) or QR code



### WHAT WE HEARD FROM STAKEHOLDERS:



#### Keeping costs down is critical

Households and businesses need AusNet to keep costs down. Prioritise essentials, not the time for nice-to-haves.



#### Deliverability is key

Stakeholders want realistic, achievable plans.



#### Resilience matters

Support for tower strengthening, digital upgrades and transformer replacements



#### Landholder relationships

Broad support for better engagement and access protocols, and an approach that balances landholders' desires and bill impacts.

### HOW WE'RE ENGAGING:



#### Collaborated with Transmission Stakeholder Advisory Panel (TSAP)

Group has experience in infrastructure planning, challenging many aspects of proposal in detail



#### Workshops with broader stakeholder groups

Held on capex, opex, landholder experience, resilience, and connections



#### Building on existing insights

Leveraged customer research and previous engagement across the Victorian networks



#### Draft proposal process



# Our draft TRR proposal aims to keep the lights on ...

maintaining similar levels of performance while addressing emerging risks to supply

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## RELIABILITY

Maintain current service levels in a more difficult operating environment – “keeping the lights on”



## MARKET IMPACT

Maintain Victoria's access to the lowest cost generation



## ENVIRONMENT

Continue to minimise our impact on the environment and fulfil our environmental duties



## RESILIENCE

Strengthen critical assets to reduce the risk of blackouts in an extreme weather event



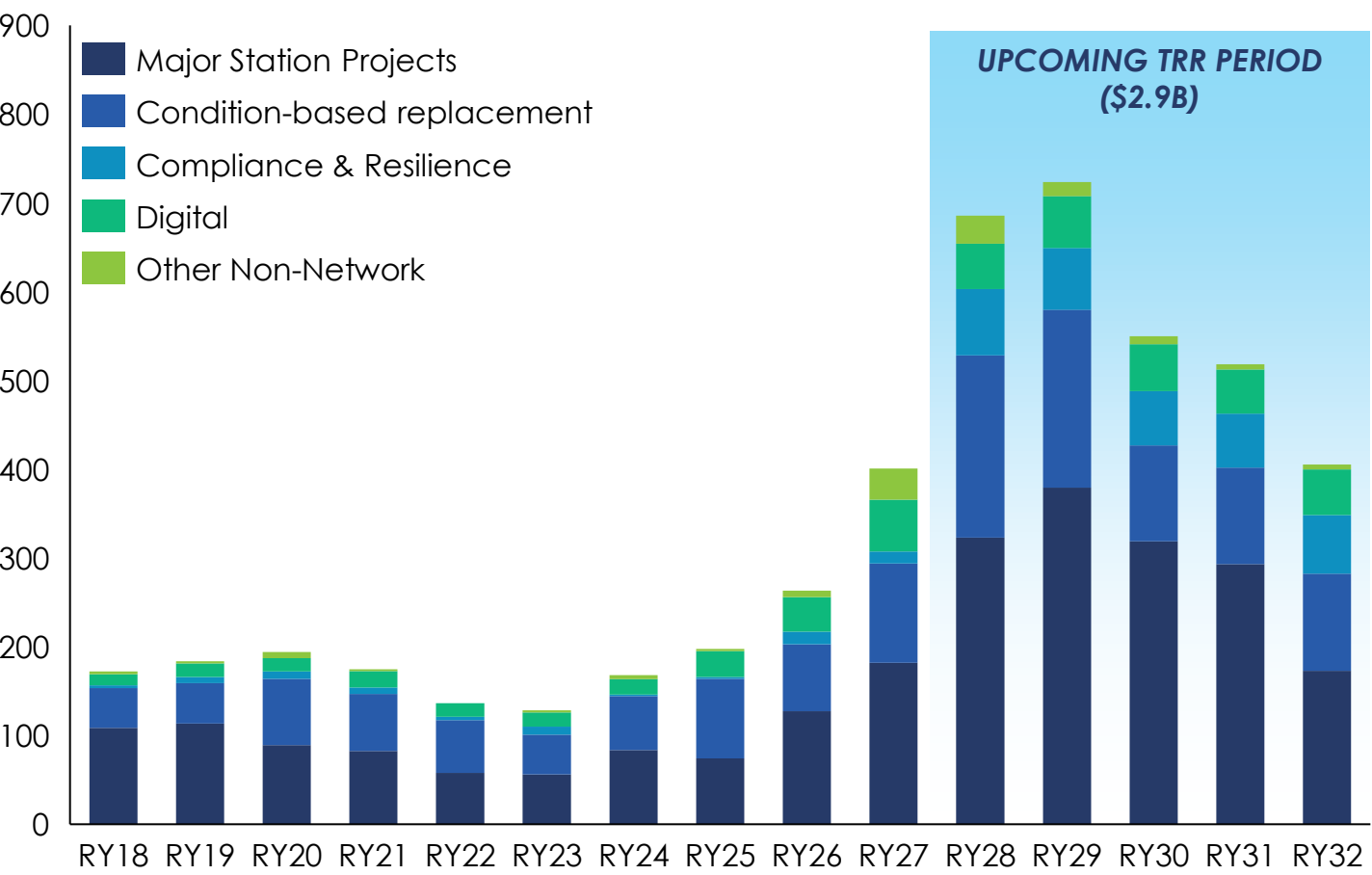
## SAFETY

Continue to keep our crews & communities safe by replacing assets with a high risk of failure



# Proposal | For this TRR, we are proposing a significant uptick in expenditure, needed to replace critical parts of the network

CAPITAL EXPENDITURE OVER TIME (real \$2027)



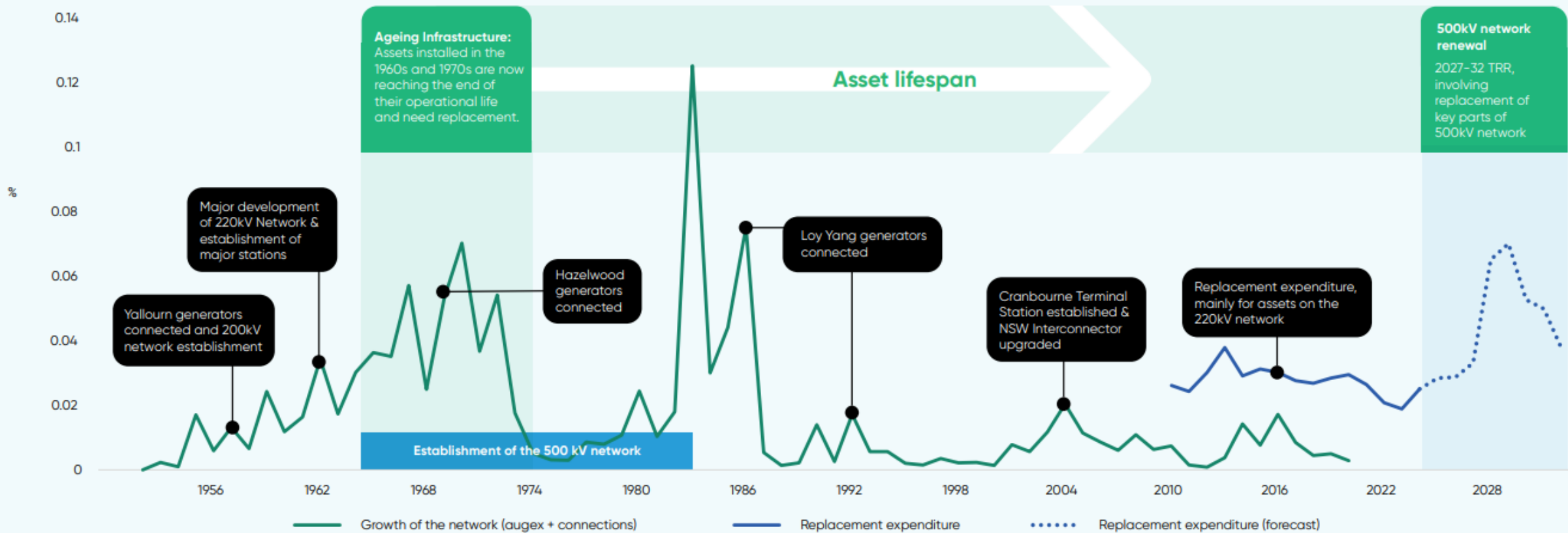
## The main drivers of this uplift are...

- 1** **Our network is ageing** – we need to replace highly critical, expensive assets
- 2** **We are investing\* in compliance and resilience** to increasingly challenging operating conditions  
*\*Mostly cybersecurity, digital systems and tower strengthening*
- 3** **Construction costs have increased significantly** since our last TRR



# Ageing network | A lot of our network was built 50-60 years ago and many assets are now reaching end-of-life

Note: Our replacement decisions are based on the **health of the asset**, not its age, but assets in service for longer eventually deteriorate and require replacement.



# Construction costs | Globally, construction costs have been rising sharply, with energy and other sectors competing for resources

## AEMO's transmission cost database is reflecting upward cost revisions well above inflation.

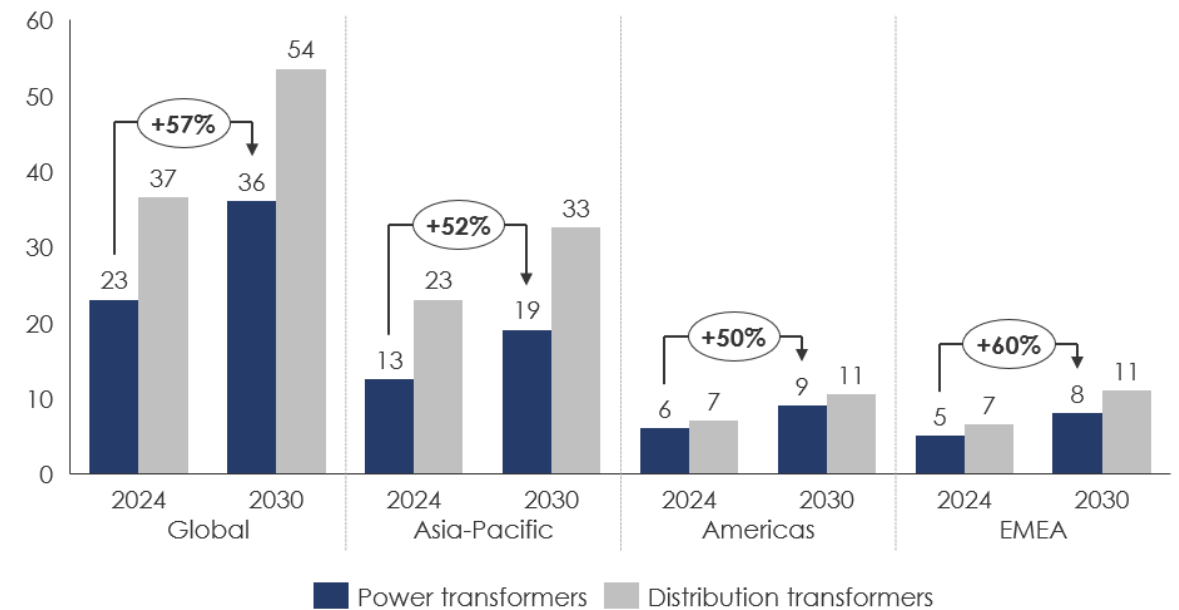
Its DRAFT 2025 Electricity Network Options Report notes cost escalations are attributed to:

- **sustained supply chain pressures** on materials, equipment and workforce
- **market competition** driven by a high number of concurrent projects under development in the NEM
- **project complexity**, including an increased number of projects planned for remote areas
- **social licence** and additional community and landholder engagement along proposed transmission line routes
- **additional contracting costs** to account for risk allocation in engineering, procurement and construction contracts in response to pressures in the current market.

Source: AEMO (2023, 2025) | Note: Analysis of real cost escalation above applies simplifying assumption of 30% real cost escalation between 2022 ISP and 2024 ISP (sourced from AEMO 2023 Electricity Expansion Options Report) due to lack of data for the same set of projects/categories to compare change between 2022 and 2024 ISP.

## Globally, demand is surging for many key electricity inputs, and supply struggles to keep up

**EXAMPLE | Demand for transformers by region** (USD billions, source: GlobalData)



Source: GlobalData Power Intelligence Centre, US National Infrastructure Advisory Council



**Deliverability of the capital program has become a major planning consideration and constraint on our capex programs.**

There are 4 core deliverability challenges we are addressing.



### 1. Internal and partner **labour capability**

**Eight critical labour roles** have been identified, challenged by an existing shortage, lengthy qualification periods and rigorous Australian-based qualifications requirements



### 2. **Procurement** of long-lead time **materials**

Transformers and Reactors have been identified as **long-lead time materials** and are required for many projects, further challenged by high global supply-chain pressure and demand



### 3. **Outage** availability

**Outages on lines and stations** will be required. There is already an outage shortage, increasing outages will be challenged by conservative AEMO network models with decisions by AEMO, beyond direct AusNet control



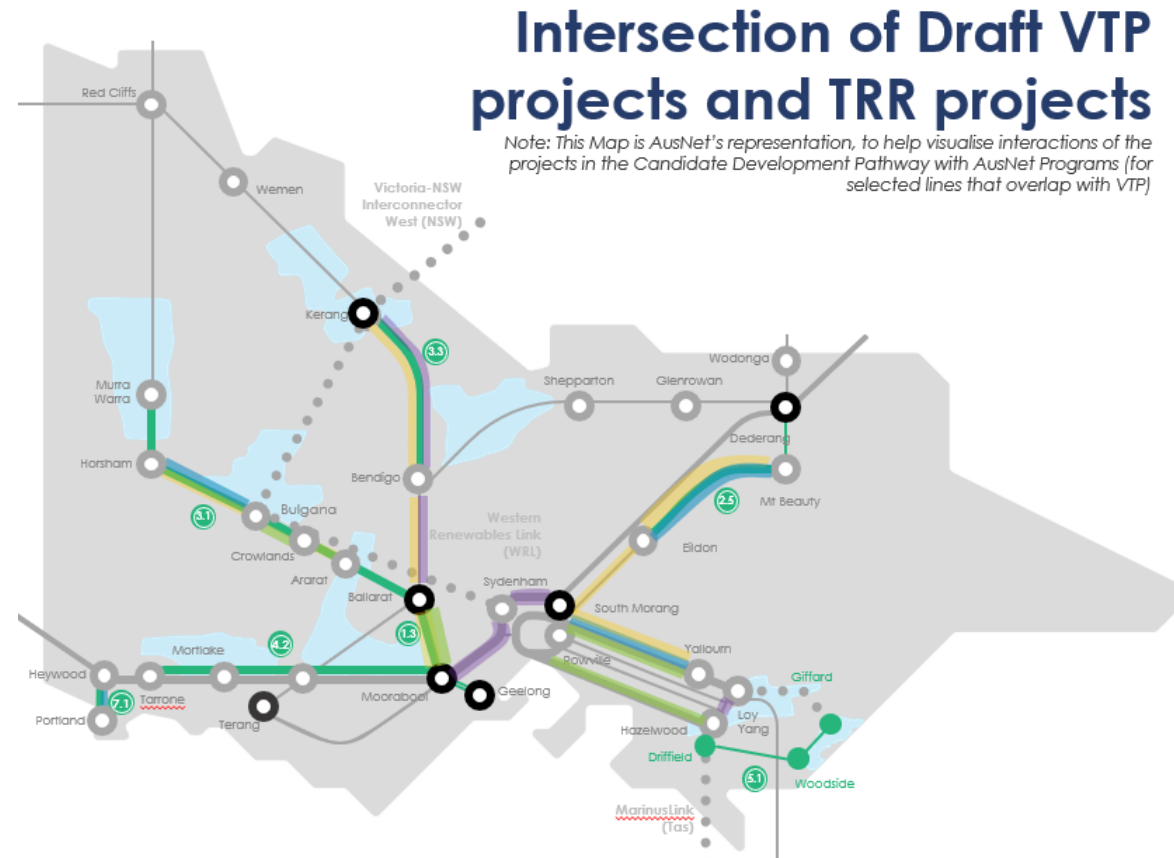
### 4. Planning **approvals** and **commercial** arrangements

**Planning approval** ranging from Environmental Effects Studies, Planning Scheme Amendments, Planning Permits (and associated supporting studies) and **commercial arrangements** (between AusNet, AEMO and delivery partners) apply to VTP projects



We have thoroughly assessed our draft proposal for maintaining the existing network against VicGrid's draft Victorian Transmission Plan for augmentation.

This review enables us to right-size and right-time network investments and make sure customers aren't paying more than necessary.



- Draft VTP Projects
- Draft VTP Renewable Energy Zones (REZs)
- Major Station Projects (selected projects)
- Sample of lows spans rectification
  - Ballarat to Bendigo (22 spans)
  - Moorabool to Ballarat (11 spans)
  - Eildon to Thomastown (12 spans)
  - Mt Beauty to Eildon (3 spans)
  - Yallourn to Rowville No. 6 and 8 (4 spans each)
  - Bulgana to Horsham (1 span)
  - Ararat to Crowlands (1 span)
  - Kerang to Bendigo (2 spans)
- Sample of lines for tower strengthening
  - Sydenham to Moorabool No.1 and 2
  - Loy Yang to Hazelwood No.1, 2, and 3
  - South Morang to Sydenham No. 1 and 2
  - Ballarat to Bendigo
  - Bendigo to Kerang
- Sample of ground wire replacements
  - Bulgana to Crowlands (8 spans)
  - Hazelwood Power Station to Rowville (54 spans)
  - Yallourn to Rowville (252 spans)
  - Ballarat to Moorabool (43 spans)
- Sample of insulator replacements
  - Hazelwood Power Station to Rowville (38 insulators)
  - Yallourn to Rowville (5 insulators)
  - Mt Beauty to Eildon (7 insulators)
  - Bulgana to Horsham (1 insulator)
  - Portland to Heywood (76 insulators)



# Our draft proposal includes 3 new expenditure categories |

## Responding to emerging needs with targeted investments

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### RATIONALE FOR INCLUSION

- **Addressing gaps:** Each proposal responds to a specific challenges that is not adequately covered by our current program.
- **Based on feedback:** These areas were identified through engagement with customers, landholders, regulators, and other stakeholders. They reflect concerns and priorities that have emerged during our consultation process.
- **Reflecting change:** These investments are not routine upgrades. They reflect concerns and priorities that have emerged during our consultation process.



#### LANDHOLDER EXPERIENCE (\$14M)

Investing to improve our landholder engagement systems, tools, & staff capability



#### TOWER RESILIENCE (\$33M)

Investing to strengthen towers that are most at-risk of damage from strong winds



#### LOW SPAN REMEDIATION (\$95M)

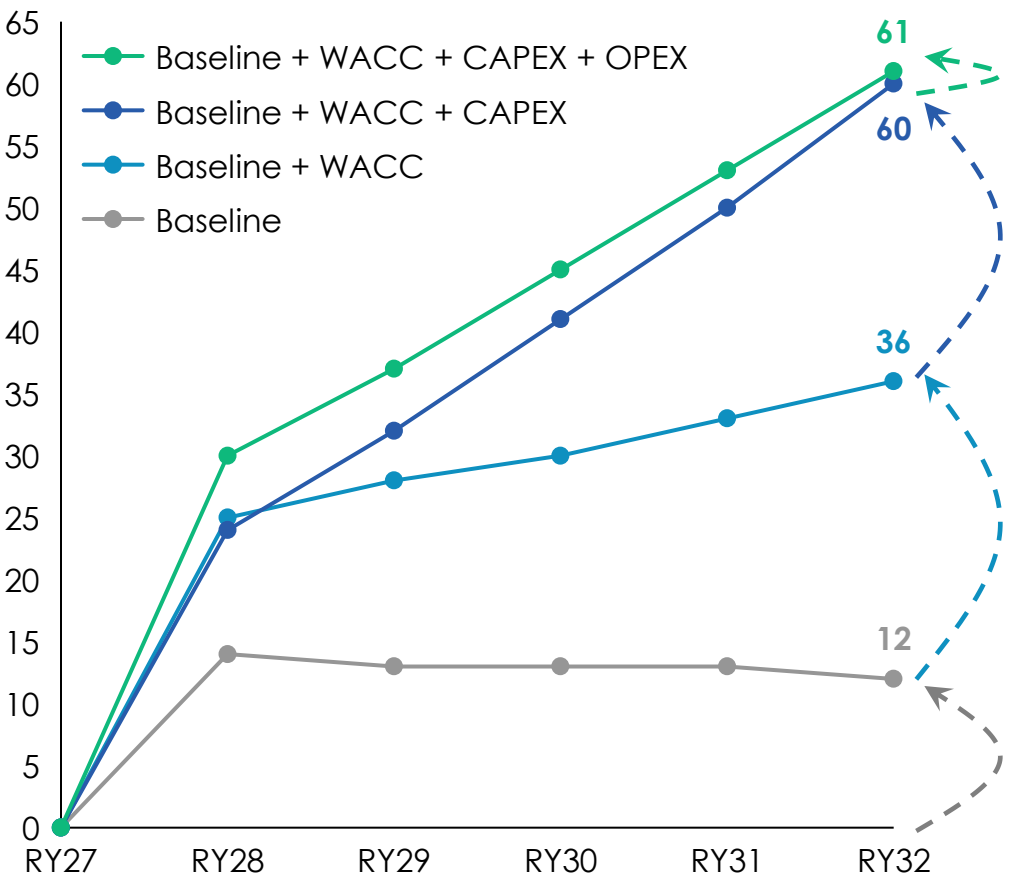
Investing to raise the most urgent and high-risk conductor spans, prioritising safety



Revenue | Our latest estimate of revenue impact is 61% increase by RY32 – with significant increase driven by both WACC and capex

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CUMULATIVE CHANGE IN REVENUE (real % vs. end of current period)



**+OPEX:** Changes to opex have a relatively small impact on revenues

**+CAPEX:** The increased capex program will increase prices by an average of 24% over the regulatory period

**+WACC:** Adding the impact of the change in WACC (which is set at an industry level – largely outside of AusNet's control) brings revenue to 36% higher than current period

**BASELINE:** At baseline, our revenue in RY32 is 12% higher than current period – driven by higher opening RAB



# Bill impacts | This means the impact on end customer bills will be +\$65 p.a. by the end of the period

For a Residential customer, the average transmission charge will increase by \$65, from \$99 to \$165p.a. (nominal)

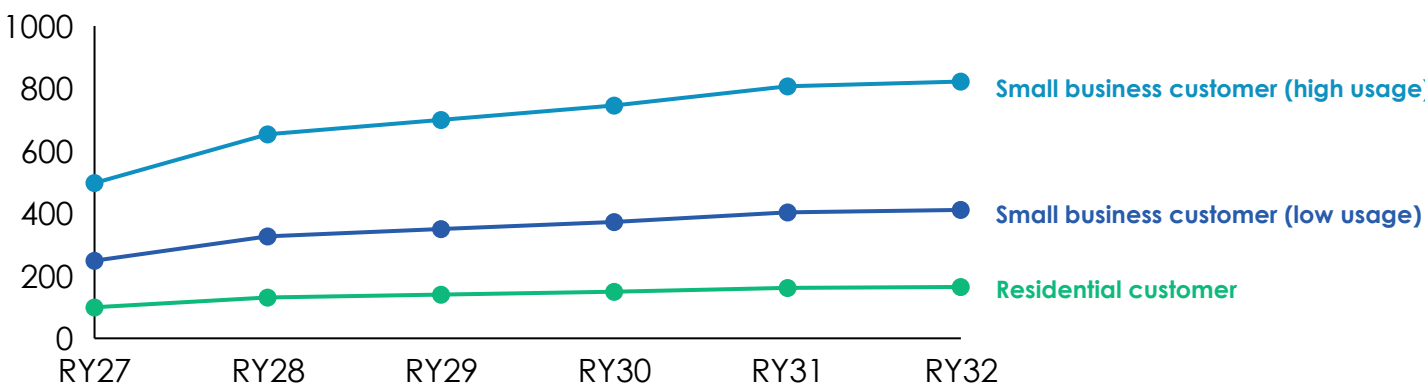
This is a 3.4% increase in their total electricity bill over 5 years.

This assumes a customers consumption remains at the average level and does not account for them electrifying transportation of gas consumption

Bill impacts for business customers will vary substantially based their consumption levels, however this will increase total electricity bills by ~3-4% over the 5-year period

Our Large Transmission connected customers (e.g. an aluminium smelter) will face 49% average nominal increases in the transmission component of their bill (assuming their consumption remains constant and demand increases) and higher by ~65% nominal by the end of the period.

Total bill change by customer type (\$pa)



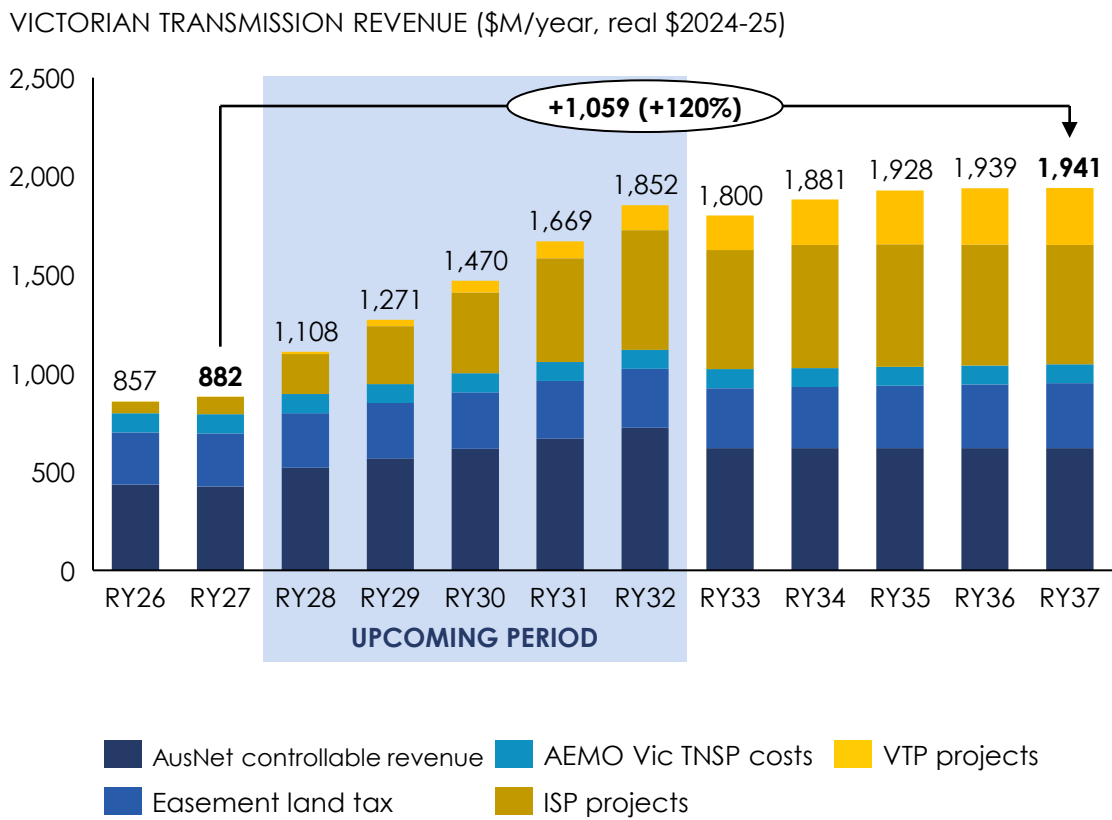
|                                      | Assumed consumption (kWh) | Total Retail Bill (\$, real 2026-27) | Transmission % of bill (%) | 2026-27 Transmission Component (\$p.a. nominal) | 2031-32 Transmission Component (\$p.a. nominal) | Increase (\$) |
|--------------------------------------|---------------------------|--------------------------------------|----------------------------|-------------------------------------------------|-------------------------------------------------|---------------|
| Residential customer                 | 4,000                     | 1,908                                | 5%                         | 99                                              | 164                                             | 65            |
| Small business customer (low usage)  | 10,000                    | 4,398                                | 6%                         | 249                                             | 411                                             | 162           |
| Small business customer (high usage) | 20,000                    | 8,279                                | 6%                         | 497                                             | 822                                             | 325           |



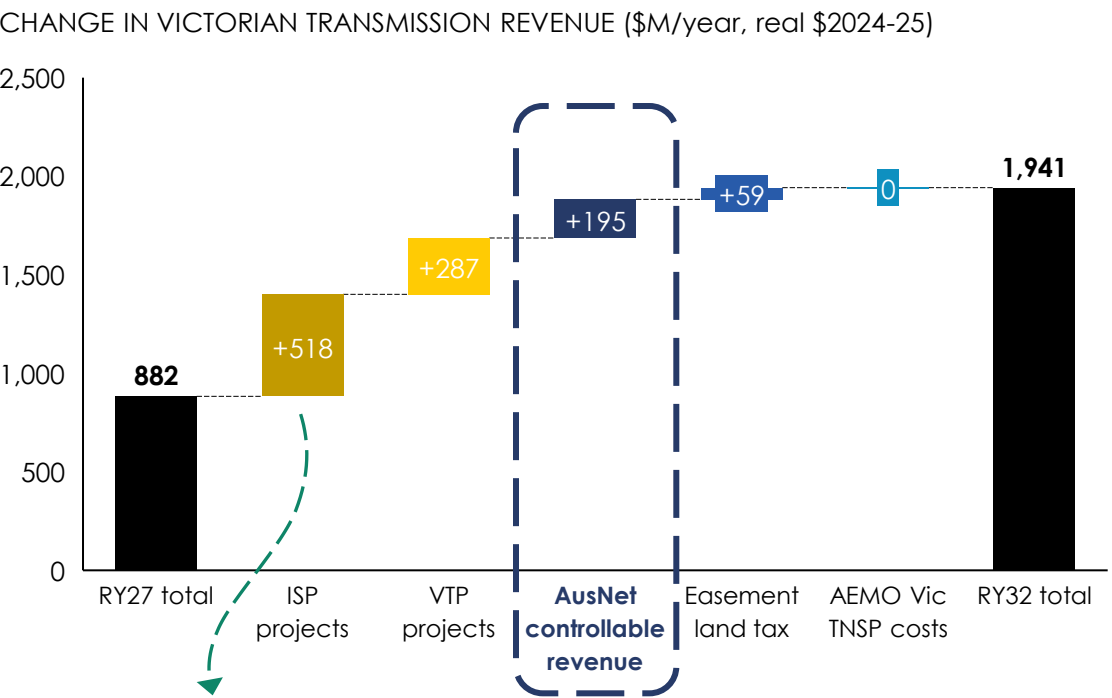
Total transmission costs | Annual Victorian transmission revenue is likely to increase by \$1.1B over the next two regulatory periods

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Transmission revenue in Victoria is set to more than double over the next two regulatory periods...



...with the largest increases driven by ISP projects and VTP projects, followed by AusNet controllable revenue



The Integrated System Plan is AEMO's roadmap for the development of the National Electricity Market. The projects driving these increases are mostly new state interconnectors (MarinusLink, VIC-NSW Interconnector West) and new Victorian lines (Western Renewables Link, Gippsland)



# Affordability levers | We know customers do not want to pay any more than is necessary for energy, but do expect us to maintain quality services

The majority of cost drivers are out of AusNet’s control, but there are actions we can take to reduce costs:

LEVERS FOR THE TRR

FOR NON-TRR



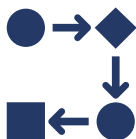
**DESCOPE:** Do not complete the work

*This is not under consideration as it leads to uncontrolled network risk.*



**DELAY:** Start work later than economically justified

*This means we delay the cost impact on customer bills, in exchange for accepting a higher level of network risk*



**DERISK:** Use contingent project mechanisms

*This means we only get funded if we deliver – e.g. funding for last 5 projects dependent on completing first 5 projects*

*This means that if AusNet does not deliver, customers do not bear the cost, but do bear increased network risk*



**ADVOCATE:** Sharing with planners & government

*While AusNet does not have direct control over the VTP and ISP, we can and are sharing ideas and information to support prudent and efficient planning, and can share concerns raised by our stakeholders.*



# Q&A

Go to [www.slido.com](https://www.slido.com) and enter  
code **9527021**  
or  
**scan the QR code** at right.



## REMINDER

You can post anonymously, view  
and like others' questions.



# Next steps



## Read the draft proposal

<https://communityhub.ausnetservices.com.au/transmission-revenue-reset-2027-2032-engagement/transmission-revenue-reset-2027-2032-draft-proposal>



## Make a submission

Online, via email or in writing.



## Reach out to AusNet if you have any questions

For further information, please email  
[engagement@ausnetservices.com.au](mailto:engagement@ausnetservices.com.au)

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# Transmission Revenue Reset 2027–2032

Draft regulatory proposal for public consultation  
31 July 2025

# AusNet

## AusNet Services

Level 31

2 Southbank Boulevard

Southbank VIC 3006

T +613 9695 6000

F +613 9695 6666

Locked Bag 14051 Melbourne City Mail Centre Melbourne VIC 8001

[www.AusNetServices.com.au](http://www.AusNetServices.com.au)

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# Thank You

