

AusNet Transmission Revenue Reset Draft Proposal Webinar

15 August 2025

Q & A | Written record

Please note some questions have been edited to correct grammar and for clarity (e.g. explaining acronyms), but the meaning has not been altered.

ANSWERED LIVE

AusNet said transformers have long procurement lead times. How long? How do you procure transformers?

We've seen lead times blow out 18 months to 2 years (~double the lead times of 5 years ago). One way AusNet can address this is by bundling transformer orders, which also helps keep costs down (as AusNet can negotiate better deals), but certainty over network plans enables this.

I would like to know what improvements have been proposed for KGTS (Kerang Terminal Station) and RCTS (Red Cliffs Terminal Station)?

Kerang will have a brand new terminal station built as part of the New South Wales section of the VNI-West project. KGTS supports power flows in from NSW and Snowy Hydro, and supports onshore wind and solar.

There are no upgrades planned for the Red Cliffs area in the draft Victorian Transmission Plan's optimal development pathway (Scenario 1), though a project to rebuild the line from Red Cliffs to Kerang/New Kerang was considered under Scenario 2.

Does the low span program include high temperature low sag (HTLS) conductors?

The work on the exact solutions is still underway and will be subject to Regulatory Investment Test (RIT) processes, which are the proper channel for the full range of solutions to be considered.

Slide 3 said Regulated Asset Base \$4.2bn at Dec 2024. What is the projected RAB at end of the coming reg period?

AusNet projects the RAB, per the draft proposal, would be ~\$7-8bn by the end of the 2027-32 regulatory period.

Slide 11 showed assets now 50-60 years old. Does that mean that new assets being installed now will still be being paid for by our great grandchildren in 2080s?

The life of the vast majority of transmission assets are 45+ years for station assets, and around 60 years for lines assets and costs are recovered over similar time periods. To this end, customers in

2080 will likely still be paying for some investments made today. This is a deliberate feature of the regulatory regime designed to support intergenerational equity – cost recovery is flattened so each generation benefitting from the assets makes a fair contribution to their costs.

Can AusNet choose to apply a lower rate of return than is allowed by AER in order to help customer affordability?

We do not believe a company is prevented from proposing less than the standard regulatory return. However, the standard regulatory return is set by the Australian Energy Regulator at the level they consider is required to attract sufficient investment into Australia's energy networks. AusNet will not be proposing a return lower than the regulated amount.

What is the combined bill impact of VTP, Ausnet, and AEMO's work by 2030? What will be the transmission cost per customer?

The combined bill impact of various parties' plans is shown on slide 18 of the pack. These figures are based on publicly available information when the draft proposal was published on 31 July.

Are the bill impacts on slide 17 only the regulated transmission part? What proportion is that of total transmission?

The breakdown of transmission charges are shown on slide 18 of the pack. AusNet's proportion is about half today, falling to around a third by the mid-2030s.

What options have you considered for non-wire options...using batteries or distribution networks to reduce the load, so that you may not need all the asset replaced?

Alternative solutions are much more relevant to expansion plans – e.g. can we do things differently to avoid building *more* transmission infrastructure as load increases. The existing transmission network is already fully utilised. These questions are considered by AEMO and VicGrid, including in their Regulatory Investment Test processes where alternative solutions are aired and considered. Various non-network solutions are considered by AEMO and VicGrid – for example to address system strength issues, it's likely a range of non-network, contestable options will be selected.

Does AusNet think more businesses will close because of increased energy bills (including transmission component) and has that been taken account in forecast?

AusNet doesn't prepare demand forecasts for its transmission plans, and instead uses the plans prepared by VicGrid and AEMO for its economic analysis. AEMO and VicGrid's plans consider a range of drivers of demand including industrial load. That being said, we know some of AusNet's large industrial customers are very concerned about rising network costs and will be relying on wholesale market benefits to manage their energy costs and be profitable longer-term.

There are many potential new sources of demand coming online, including electrification of the gas and transport sectors and new industrial loads such as data centres. This helps keep network utilisation high and per-unit costs lower than they would otherwise be.

Does AusNet get penalised for outages that cause customers to go off supply?

Yes, it does.

Could you please provide the type of upgrade work with brief descriptions?

AusNet's draft proposal includes all AusNet's replacement programs on pages 78-82.

The Victorian Transmission Plan released by VicGrid is the key document for upgrades, and will include all the planned upgrades, their timings and their costs.

What elements of the draft proposal are you most interested in getting feedback on to help draft the AER proposal?

The optionality and risk trade-offs, and guidance to AusNet and our Transmission Stakeholder Advisory Panel (TSAP) to help represent your interests. For example, whether AusNet should shift money out of the immediate forecast and put it into contingent projects. But AusNet is welcoming feedback and challenge on anything in the expenditure program that people want to share views on. This can include asking questions, if you're not comfortable sharing an opinion.

NOT ANSWERED LIVE DUE TO TIME CONSTRAINTS

Do you only consult every 5 years or do you hold webinars like this during regulatory periods to keep stakeholders informed on how you are travelling?

The Transmission Revenue Reset process and engagement on it runs for approximately 3 years of the 5-year cycle. In the interim we have been reporting on progress to our Transmission Stakeholder Advisory Panel (formerly the Transmission Customer Advisory Panel), which continues meeting between regulatory processes.

We are very open to holding webinars to update stakeholders on progress if there is demand. We note this would have been of niche interest historically, but interest in transmission and energy matters more broadly has increased markedly since our last Reset process.

With 1 million batteries and V2G, can we control demand more effectively using a Distribution System Operator (DSO) model rather than depending on transmission-heavy investments?

Consideration of these opportunities is done through AEMO and VicGrid's planning and Regulatory Investment Test processes. There are a lot of opportunities for DSOs and distributed energy, but AusNet does not see them displacing the role of the existing Victorian transmission network. They are more likely to displace or defer the need for transmission network expansion.

What initiatives for Grid Enhancing Technologies (GET's) is AusNet working on for increasing resilience, efficiency and decarbonisation? Thank you

AusNet is aware there is strong interest in the [Grid Enhancing Technologies](#) grant being administered by the Department of Climate Change, Energy, the Environment and Water (DCCEEW). AusNet's transmission business is not submitting any grant applications but expects grants to be submitted from a range of other parties looking to do work that may benefit AusNet and other transmission network operators in the areas above.

AusNet is working to continuously improve outcomes relating to resilience, efficiency and decarbonisation including:

- pioneering [live transmission line work](#) – such as the live transfer from an existing transmission line into the Mortlake Terminal Station
- reducing emissions from our operations, noting transmission line losses are attributable to AusNet. Our emissions reporting can be found [here](#). Our work in this space includes

replacing Gas Insulated Switchgear (GIS) that contains potent SF6 gas. The global warming potential of SF6 gas is 23,500 times more than carbon dioxide

- the tower strengthening and cybersecurity improvements AusNet is proposing through the TRR 2027-32 to support network resilience, and
- utilising dynamic line ratings and wind monitoring to make the most of our assets. This involves capturing real-world conditions, like wind cooling lines on hot days, to unlock extra capacity.

Is renewable energy generally put where there is existing transmission? eg if a coal power station closes put the renewables there to use existing assets better

The current transmission network was built around large, centralised coal-fired power stations, mostly located in the Latrobe Valley. These coal-fired power stations will soon retire, and the generation being built to fill this gap in supply is much more dispersed. New generation is being built nearer to where their energy sources are located. VicGrid is identifying planned locations for the new Renewable Energy Zones (REZs) in their 2025 Victorian Transmission Plan, based on their suitability to host new renewables generation among other factors. Co-locating new generation with existing transmission may lower the transmission costs, but end up costing customers more overall from higher wholesale costs, if the generation is not built to operate efficiently.

By when do you need feedback to be in time to inform the final proposal?

We are requesting feedback by the end of August 2025. We will still accept feedback provided after this date, but cannot guarantee late feedback will be addressed in the proposal we submit the Australian Energy Regulator in October 2025. If you would like to provide a late submission, advance warning would be appreciated.