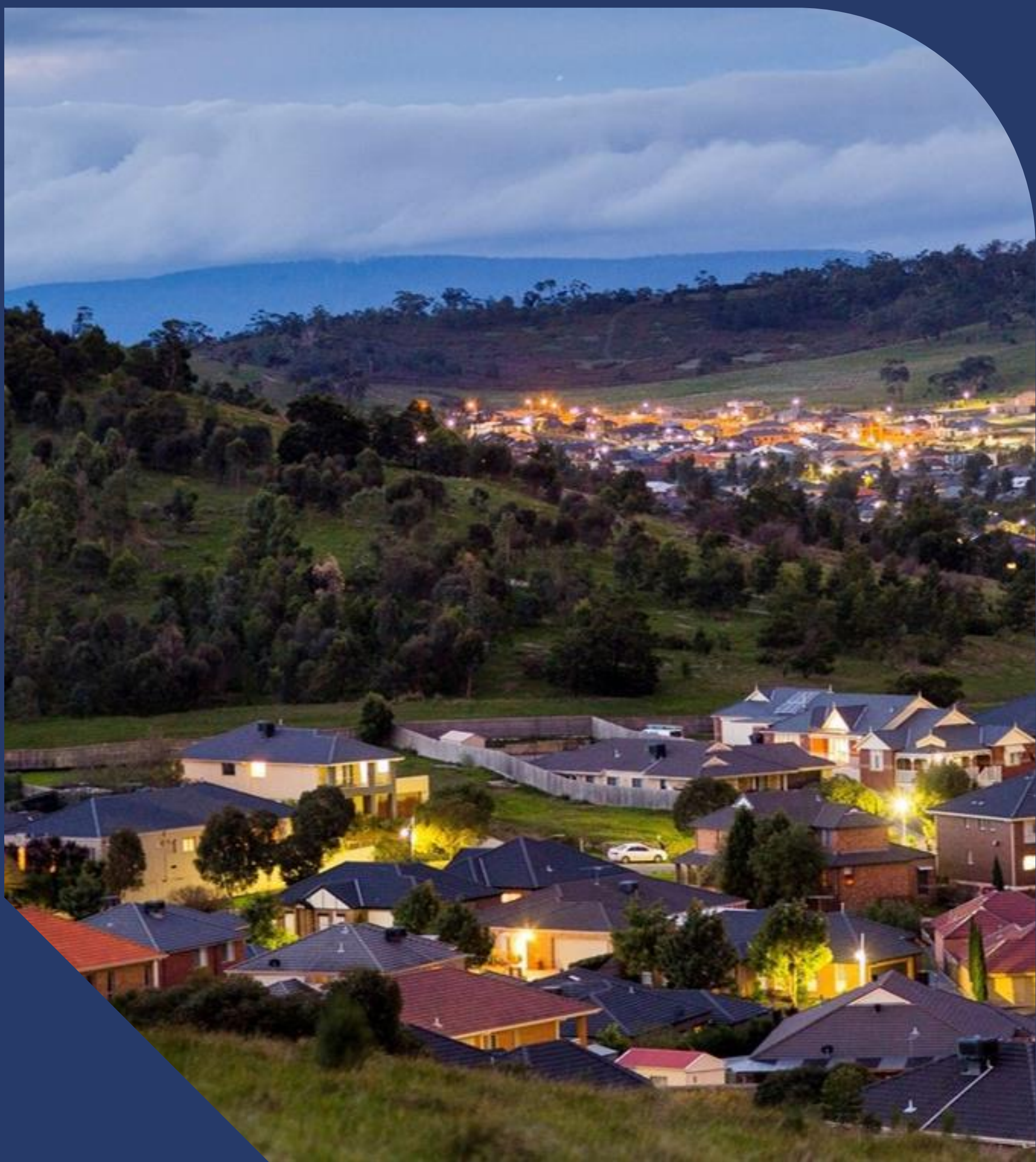
Secure supply and enable connections: Baw Baw Shire, West Gippsland

Regulatory Investment Test for Distribution (RIT-D)

Options Screening Report

Tuesday, 23 September 2025



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1. Executive summary

AusNet is a regulated Victorian Distribution Network Service Provider (DNSP) that supplies electrical distribution services to more than 809,000 customers. Our electricity distribution network covers eastern rural Victoria and the fringe of the northern and eastern Melbourne metropolitan area.

As expected by our customers and required by the various regulatory instruments under which we operate, AusNet aims to maintain service levels at the lowest possible cost to our customers. To achieve this, we develop plans that aim to maximise the present value of economic benefit to all those who produce, consume and transport electricity in the National Electricity Market (NEM).

The Shire of Baw Baw is located approximately 100 kilometres east of Melbourne in the West Gippsland region and includes the main townships of Drouin and Warragul. According to the 2016 census[1], there were 34,970 people living in the Warragul – Drouin area and by 2021[2], the corresponding figure was 42,827. This represents an average annual growth rate of approximately 4.14%.

According to the most recently published Warragul[3] and Drouin Precinct Structure Plans (PSPs), population growth from 2014 to 2044–2054 in the Warragul–Drouin region is expected to drive the development of approximately 20,000 new residential dwellings and 100 hectares of employment land. This employment land will support a diverse mix of industrial and commercial uses, including town centres, schools, community facilities, retail and office spaces, and a new hospital in Warragul.

The Warragul – Drouin area is predominately serviced by the 66/22kV Warragul zone substation (WGL). Forecast growth in the Warragul – Drouin area is currently supplied by the 22kV distribution feeder WGL13.

The identified need is to efficiently maintain a reliable supply of power to the customers in the Shire of Baw Baw area as the forecast demand exceeds the capacity of WGL13, that currently supply the load to the area. The maximum demand on WGL13 is expected to exceed its rating under 10PoE conditions from Calendar Year (CY) 2026, as shown in Table 1, with levels of overload under system normal conditions that exceed their ratings of 0.5 MVA.

Table 1 Do Nothing Base Case Forecast 10PoE Overload (after transfers, MVA) by Calendar Year

OVERLOAD	2026	2027	2028	2029	2030	2031	2032
WGL13	0.5	1.3	1.9	2.3	2.3	2.7	3.1

A material level of expected unserved energy (EUE) is calculated for WGL13 as shown in Table 2. The calculated unserved energy is based on demand exceeding capacity with all assets in service and considers available load transfers. The EUE has been weighted using the industry practice of 30% of 10PoE and 70% of 50PoE maximum demand forecasts and monetised using a locational Value of Customer Reliability (VCR).

Table 2 Do Nothing Base Case Forecast Expected Unserved Energy (EUE) by Calendar Year

EUE	2026	2027	2028	2029	2030	2031	2032
TOTAL (MWh pa)	0.24	0	35.98	49.16	66.06	85.13	107.6
TOTAL ($m, 2024 pa)	0	0	1.5	2	2.7	3.5	4.4

AusNet has undertaken a probabilistic planning approach to assess the energy at risk (load not being supplied) if no mitigation action is undertaken and whether it is economic to invest in risk mitigation action to reduce the forecast service level risk. AusNet has identified that approximately 3.1 MVA of additional capacity or demand reduction is required by CY 2032 rising from a present need of 0.5 MVA, through network augmentation or alternative non-network approaches such as demand management, embedded generation and/or storage to enable the ongoing reliable supply of electricity to this area.

AusNet proposes to investigate and evaluate the following network options to address the identified need:

1. Option 1: Construct a new 22kV feeder utilising the existing WGL11 route
2. Option 2: Construct a new 22kV feeder utilising the existing WGL24 route

The Regulatory Investment Test for Distribution (RIT-D) is an economic cost-benefit assessment designed to identify the most credible option that addresses an identified need while maximising net economic benefits for stakeholders in the National Electricity Market (NEM). This involves a probabilistic planning methodology to account for rare but possible scenarios, such as extreme demand or outages, ensuring all credible options are considered.

[1] 2016 Warragul - Drouin, Australian Bureau of Statistics (ABS), 2016
[2] 2021 Warragul - Drouin, Australian Bureau of Statistics (ABS), 2021.
[3] Warragul-and-Drouin PSPs Newsletter, Metropolitan Planning Authority (MPA), 2014.

This Options Screening Report (OSR) marks the first step in the RIT-D process, in line with clause 5.17 of the National Electricity Rules (NER)[4] version 233 published by the Australian Energy Market Commission (AEMC), and section 4.2 of the RIT-D Application Guidelines[5], published by the Australian Energy Regulator (AER).

AusNet welcomes written submissions on the credible options presented in this OSR and invites proposals from proponents of potential non-network or Standalone Alone Power System (SAPS) options (stand-alone or in conjunction with a network solution) that meet the identified need. Any credible non-network options will be assessed alongside the network options at the next stage of the RIT-D.

Submissions should be emailed to ritdconsultations@ausnetservices.com.au on or before 22 December 2025. In the subject field, please reference 'RIT-D OSR Baw Baw'. AusNet's preference is that these submissions would be published on its website and AEMO's website. If you do not want your submission to be made public, please clearly stipulate this at the time of lodgement.

Assessments of the options and responses to this OSR will be presented in the Draft Project Assessment Report (DPAR), which we expect to publish before the end of 2025.

[4] National Electricity Rules (NER), Australian Energy Market Commission (AEMC), 2025
[5] Regulatory Investment Test for Distribution application guidelines , version 6, Australian Energy Regulator (AER), 2024

2. Introduction

The RIT-D is an economic cost-benefit test used to assess and rank potential investments capable of meeting the identified need. The purpose of the RIT-D is to identify the credible option that maximises the present value of net economic benefit to all those who produce, consume and transport electricity in the NEM (the preferred option).

The publication of this OSR represents the first step in the RIT-D process in accordance with clause 5.17 of the NER and section 4.2 of the AER's RIT-D Application Guidelines.[6] In accordance with those requirements, this document sets out:

- the identified need that AusNet is seeking to address, together with the assumptions used in identifying this need;
- a description of the potential credible network options that may address the identified need;
- the technical characteristics of each potential credible option;
- the estimated construction timetable and commissioning date of each potential credible option;
- the total indicative capital and maintenance costs for each potential credible option;
- the technical characteristics of the identified need that a non-network or SAPS option would be required to provide; and
- information to assist non-network providers wishing to present alternative potential credible options including details of how to submit a proposal for consideration by the RIT-D proponent.

The appendix provides an overview of the RIT-D assessment and consultation process.

[6] Australian Energy Regulator, "*Application guidelines Regulatory investment test for distribution*", August 2022.

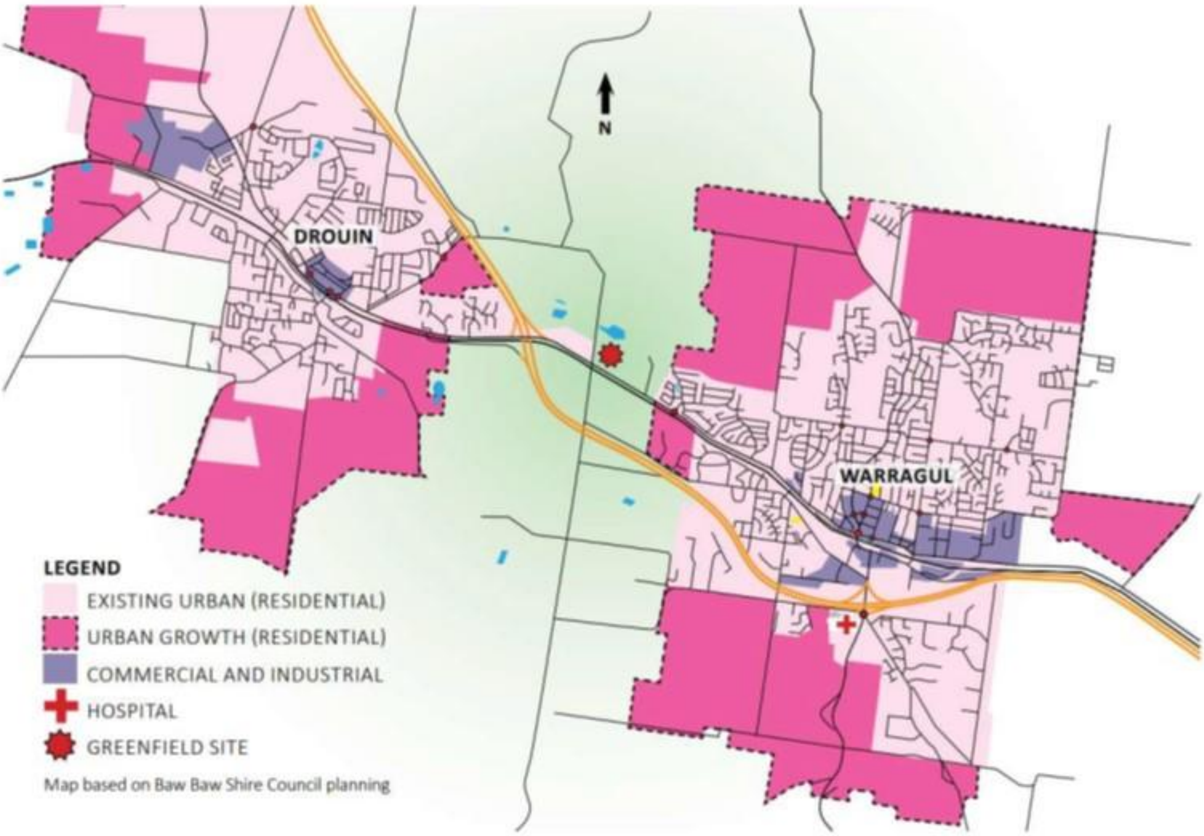
3. Background

This OSR relates to the supply constraints in the Shire of Baw Baw, specifically the Warragul – Drouin area, which is located approximately 100 kilometres east of Melbourne in the West Gippsland region.

According to the 2016 census[7], there were 34,970 people living in the Warragul – Drouin area and by 2021[8], the corresponding figure was 42,827. This represents an average annual growth rate of approximately 4.14%.

The most recently published Warragul[9] and Drouin Precinct Structure Plans (PSPs) expect population growth from 2014 to 2044–2054 in the Warragul–Drouin region to drive the development of approximately 20,000 new residential dwellings and 100 hectares of employment land. This employment land will support a diverse mix of industrial and commercial uses, including town centres, schools, community facilities, retail and office spaces, and a new hospital in Warragul. Figure 2 shows the existing urban area (light pink) and the urban growth zoned areas (darker pink) for future growth in Warragul and Drouin.

Figure 1 - The Shire of Baw Baw - Key growth areas[10]

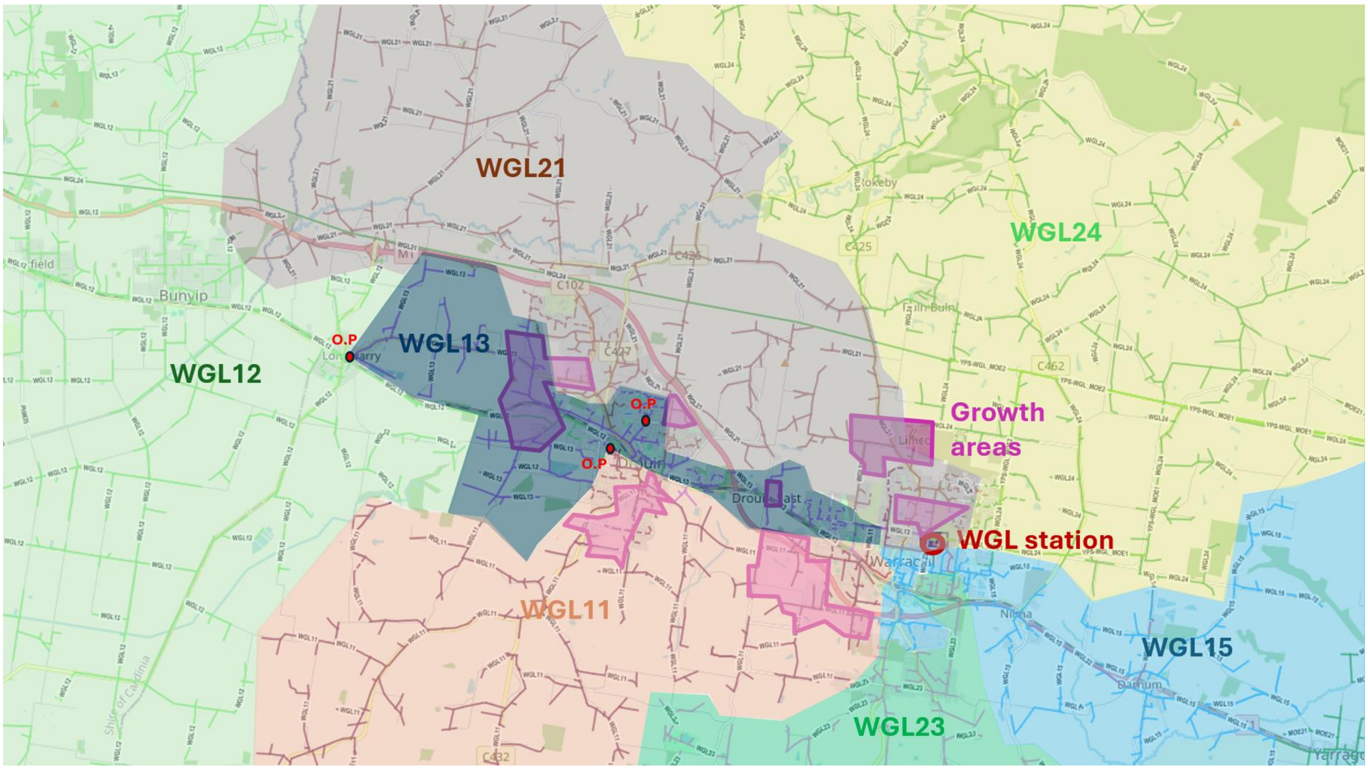


AusNet has already received three industrial/commercial customer applications in the cities of Warragul and Drouin in the last year, resulting in 10 MVA of additional load across WGL11, WGL12, WGL13 and WGL21, two Electrical Vehicle (EV) charging stations (4 MVA) on WGL21, and a connection application for the new hospital (6 MVA) on WGL13. All these loads are expected to be fully operational by CY 2029. Several connection inquiries have also been received for connecting industrial/commercial and residential loads in the area supplied by the same feeders indicating strong interest for development in this area aligned with Precinct Structure Plan

Currently, the WGL zone substation has nine 22kV feeders that supply the Warragul, Drouin, Longwarry, Bunyip, Darnum, Noojee and surrounding areas as shown in Figure 3, including two dedicated feeders to Murray Goulburn dairy processing. The 22kV switchboard is fully utilised with no spare circuit breakers for any new feeders.

[7] 2016 Warragul - Drouin, Australian Bureau of Statistics (ABS), 2016
[8] 2021 Warragul - Drouin, Australian Bureau of Statistics (ABS), 2021.
[9] Warragul-and-Drouin PSPs Newsletter, Metropolitan Planning Authority (MPA), 2014.
[10] Baw Baw Economic Land Use Strategy, Baw Baw Shire Council, 2023.

Figure 2 - Areas supplied by the key 22kV feeders – WGL11, WGL12, WGL13, WGL15, WGL21, WGL23, WGL24 (O.P refers to open points between feeders)



This network also provides the connection to one BESS, Longwarry Battery, that connects at WGL via the WGL12 feeder that was commissioned in late 2023. The battery is expected to be charged during low load times and discharged during high load times, such as afternoons and evenings. The project's primary intent was to support the WGL12 22kV feeder in times of peak load anticipated during the summer months. However, WGL12 is also forecast to exceed its rating during the 2026–31 EDPR period. As a result, offloading WGL13 to WGL12 to leverage the Longwarry Battery is not considered practically feasible.

4. Identified need

4.1. Description

AusNet has identified a need to increase the capability of the 22kV network to supply the forecast demand in the Shire of Baw Baw and manage the increasing risk of involuntary load shedding on 22kV feeders supplied by WGL station beyond CY 2026. The consequence of not taking remedial action in the area will be significant unserved energy as the existing capacity will be fully utilised at peak times by CY 2026, and demand is projected to increase. In addition to the risk of unserved energy to existing customers, in the absence of remedial action, AusNet would be unable to connect new customers contrary to its obligations under the NER.

Table 1: Do Nothing Base Case Forecast 10PoE Overload (after transfers, MVA) by Calendar Year

OVERLOAD	2026	2027	2028	2029	2030	2031	2032
WGL13	0.5	1.3	1.9	2.3	2.3	2.7	3.1

The forecasted demand in the Baw Baw study area shows that there is currently no capacity available within the distribution feeder network with a shortfall of 0.5 MVA in CY 2026, forecast to rise to 3.1 MVA by CY 2032. All available load transfers have now been exhausted and there is no further opportunity to offload these feeders using the existing distribution network to remove the overload.

4.2. Quantification of the identified need

Under a Do-Nothing approach, the key cost to the community relates to the value of expected unserved energy (EUE) multiplied by the value of customer reliability (VCR). We have calculated the EUE by determining the amount of energy that would not be able to be supplied by the WGL13 distribution feeder within the Baw Baw area under system normal conditions with all assets in service.

We have calculated the EUE by using the maximum demand forecast of the feeder and multiplying it by its normalised load duration curve to determine the energy at risk based on amount of time that the forecast load is above the rating of the feeder, taking into account load transfer capacity. The total EUE is weighted according to a 30% weighting of the EUE calculated using a 10% PoE maximum demand, and a 70% weighting of the EUE calculated using a 50% PoE maximum demand.

We have calculated the locational VCR by adopting the AER's 2024 VCRs[11] for the different customer groups, weighting them by the mix of customers' annual energy consumption in the Baw Baw area.

A material level of EUE is calculated for WGL13 as shown in Table .

Table 2: Do Nothing Base Case Forecast Expected Unserved Energy (EUE) by Calendar Year

EUE	2026	2027	2028	2029	2030	2031	2032
WGL13 (MWh pa)	0.24	0	35.98	49.16	66.06	85.13	107.6
TOTAL ($m, real $2024 pa)	0	0	1.5	2	2.7	3.5	4.4

[11] Values of Customer Reliability - Final report, Australian Energy Regulator (AER), 2024

4.3. Summary of identified network need

AusNet has undertaken a probabilistic planning approach to assess the energy at risk (load not being supplied) if no mitigation action is undertaken and whether it is economic to invest in risk mitigation action to reduce the forecast service level risk. AusNet has identified that, based on 10PoE forecast demand, approximately 3.1 MW of additional capacity or demand reduction is required by CY 2032 rising from a present need of 0.5 MW, through network augmentation or alternative non-network approaches such as demand management, embedded generation and/or storage to enable the ongoing reliable supply of electricity to the Warragul and Drouin area.

Addressing this identified capacity constraint will help to ensure that AusNet is able to prudently and efficiently meet forecast growth within the Warragul and Drouin area to:

- support economic growth anticipated for this region;
- support the electrification of homes, businesses and transport[12]; and
- meet our customers' expectations that AusNet should provide a reliable electricity supply and take prudent and efficient actions to minimise unplanned outages.

Feedback from our customer engagement has underscored the importance of ensuring that we provide a reliable electricity supply, with minimal unplanned disruptions. Customers have expressed concern regarding the impacts of poor reliability given customers' increasing reliance on electricity to meet a range of different needs such as transport, telecommunications, working from home, maintaining comfort during extreme weather conditions, and to meet health needs.

4.4. Assumptions underpinning the identified need

Key factors underpinning the quantification of the identified need include:

- Demand forecasts;
- Load duration curves;
- Asset ratings;
- Asset unavailability;
- Load transfer capacity; and
- Demand management

In addition to the assumptions set out above that underpin the identified need, further assumptions will be required to quantify the costs and benefits of credible options that would address the identified need. These further assumptions will be provided in the DPAR, which will set out the cost-benefit analysis for each of the credible options.

4.4.1 Demand forecasts

The forecast maximum demands for the 22 kV distribution feeder supplying the Warragul and Drouin area being WGL13, were developed by AusNet in CY 2025 and are summarised below in Table 3.

Table 3: Do Nothing Base Case Forecast WGL13 Maximum Demand (MVA) by Calendar Year

WGL13	2026	2027	2028	2029	2030	2031	2032
Summer 10PoE	12.2	12.8	19.5	19.8	20	20.2	20.5

[12] Refer to Victoria State Government, 'Gas Substitution Roadmap – Update: Victoria's Electrification Pathway.'

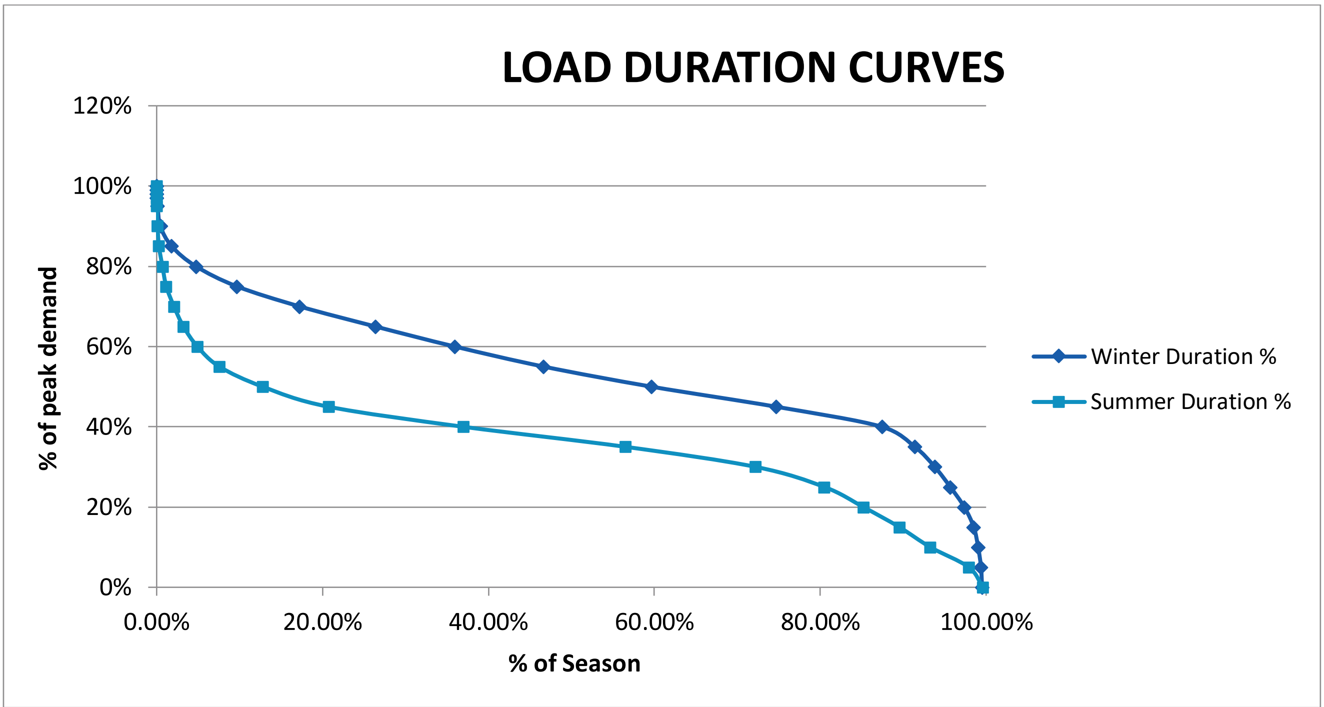
Summer 50PoE	11.3	11.9	18.5	18.7	18.9	19.2	19.4
Winter 10PoE	13	13.7	20	20.2	20.5	20.8	21
Winter 50PoE	12.1	12.9	19.1	19.4	19.6	19.8	20.1

4.4.2. Load-duration curves

Load-duration curves are plots of the demand (normalised as a percentage of the maximum demand for the season – summer and winter) against the percentage of time for that season. The load values are plotted in the order of decreasing magnitude such that any point on the load-duration curve represents the total duration when load is expected to be greater than or equal to that load value. At times when the load-duration curve multiplied by the forecast maximum demand exceeds the rating for that season, the area above contributes to the EUE.

Figure 4 shows the load duration curves (summer and winter) for WGL13.

Figure 4 – WGL13 Load Duration Curves



4.4.3. Asset ratings

The ratings of the distribution feeder that supplies the Baw Baw area are presented in Table .

Table 4: Do Nothing Base Case Distribution Feeder Ratings (MVA)

FEEDER	SUMMER (EXISTING)	WINTER (EXISTING)	SUMMER (UPGRADED)	WINTER (UPGRADED)
WGL13	12.4	12.4	16.8	16.8

A business park development on WGL13 has necessitated an uprating of the feeder backbone to a maximum thermal capacity of 16.8 MVA. This project is currently in the design phase and is scheduled for commissioning in CY 2027. The upgrade has been incorporated into all modelling scenarios. As a result, further uprating of the feeder to address the forecast energy-at-risk is not possible as it will be at maximum design rating.

4.4.4. Asset unavailability

AusNet only considers the EUE attributed to system normal operating conditions as material, that is when the asset demand exceeds the asset rating with all assets in service. By comparison, the magnitude of the EUE under single contingency conditions is considered immaterial due to the size of the asset overload under system normal conditions. Hence asset unavailability is not relevant to this RIT-D.

4.4.5. Load transfer capacity

WGL13 interconnects with 22kV distribution feeders WGL11, WGL12, WGL21. The available transfer capacity to these feeders is shown in Table 3 Existing Available Load Transfer Capacity to Adjacent Feeders with Existing Ties (MVA)Table 3.

Table 3 Existing Available Load Transfer Capacity to Adjacent Feeders with Existing Ties (MVA)

FEEDER(S) WITH RISK	ADJACENT FEEDER	TRANSFERS AVAILABLE IN CY 2025 (MVA)	TRANSFER COMMENTS	SOW REQUIRED TO ENABLE MAXIMUM TRANSFERS
WGL13	WGL11	0.0	Not technically feasible as no adequate spare capacity–	10.8km backbone uprating of WGL11 to enable 1.9 MVA transfer.
	WGL12	0.0	Not technically feasible as no adequate spare capacity	20.3km of backbone upgrade to enable 1.0 MVA transfer.
	WGL21	0.0	Not technically feasible as no adequate spare capacity –	Not feasible with load forecast. An upgrade to facilitate transfer from WGL13 is not feasible due to the scope of work being large and impractical.

WGL13 is adjacent to but does not interconnect with 22kV distribution feeders WGL15 and WGL23, however augmentation works could be undertaken to enable transfers. The available transfer capacity to these feeders after augmentation is shown in Table 3 Existing Available Load Transfer Capacity to Adjacent Feeders with Existing Ties (MVA)Table 4.

Table 4 Potential Load Transfer Capacity to Adjacent Feeders without Existing Ties (MVA)

FEEDER(S) WITH RISK	ADJACENT FEEDER	TRANSFERS AVAILABLE AFTER WORKS (MVA)	TRANSFER COMMENTS	SOW REQUIRED TO ENABLE TRANSFERS
WGL13	WGL15	0.0	Not technically feasible as no adequate spare capacity	Not feasible with load forecast. An upgrade to facilitate transfer from WGL13 is not feasible due to the scope of work being large and impractical.
	WGL23	2.0	Due to the physical separation of the area served by this feeder from WGL 13, a technical upgrade is currently not viable.	11.5km feeder extension through WGL CBD to enable 2.0 MVA transfer.

The forecast load transfer capacity for the 22 kV distribution feeders supplying the WGL13 area is summarised below in Table 5.

Table 5 Do Nothing Base Case Forecast Baw Baw Load Transfer Capacity (MVA) by Calendar Year

TRANSFER CAPACITY	2026	2027	2028	2029	2030	2031	2032
WGL13	0.0	0.0	0.0	0.0	0.0	0.0	0.0

5. Potential Credible Options

This section describes the potential credible options that have been considered to address the identified need, including:

- the technical characteristics of each option;
- the estimated construction timetable and commissioning date; and
- the total indicative capital and operating and maintenance costs.

The purpose of this RIT-D is to identify the credible option for addressing the identified need that maximises the net market benefit. An important aspect of this task is to consider non-network and network options on an equal footing, so that the optimal solution can be identified.

AusNet proposes to investigate and evaluate the following credible network options to address the identified need:

1. Construct a new 22kV feeder utilising the existing WGL11 route
2. Construct a new 22kV feeder utilising the existing WGL24 route

Furthermore, AusNet will consider and evaluate any alternative, non-network or SAPS proposals that are submitted by interested parties during this RIT-D consultation, that credibly address the identified need.

5.1. Option 0: Do Nothing

The Do Nothing option assumes that AusNet would not undertake any investment, outside of normal operational and planning processes for managing peak demand and thermal overloading. This option is the counterfactual to the other options considered and establishes the base level of risk (base case) and basis for comparing other credible options.

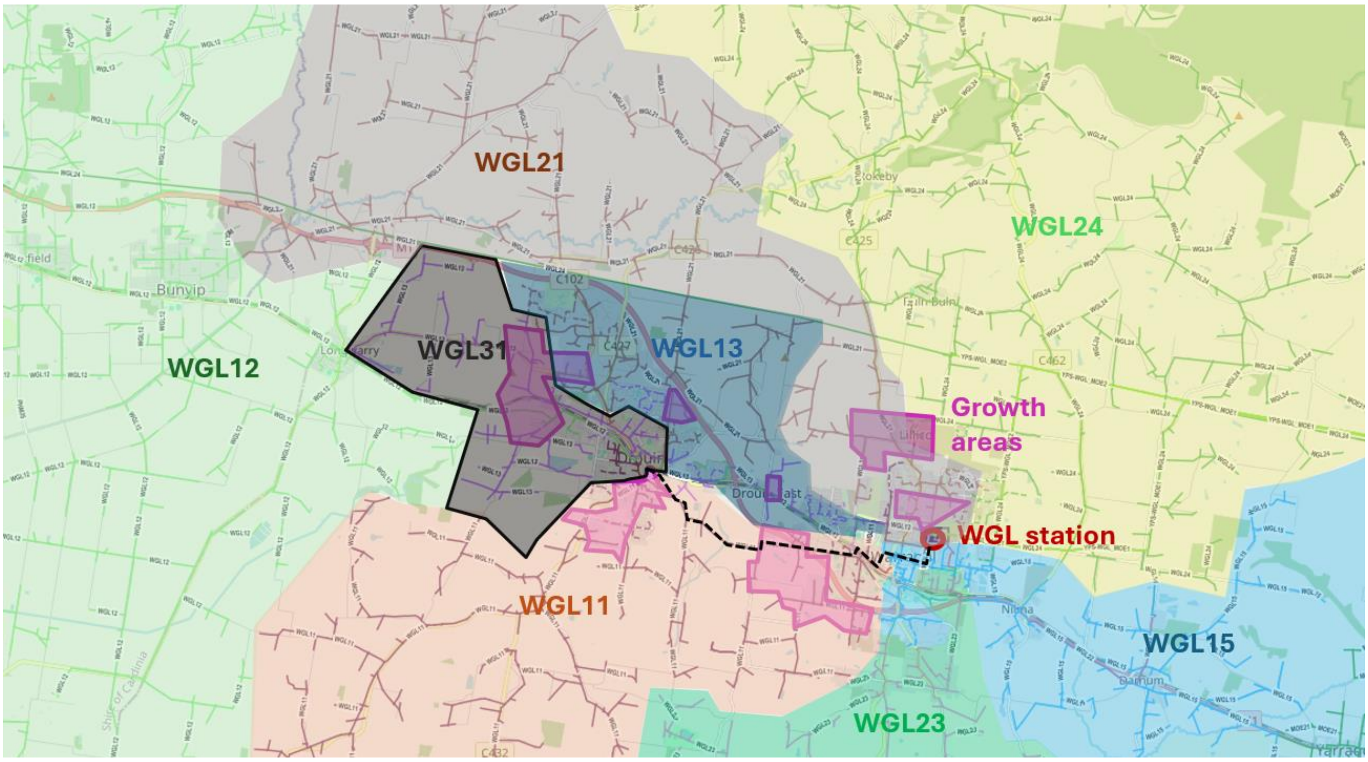
While this option does not entail any upfront capital costs, it exposes customers to the continuing and increasing risk of network outages as it does not address the identified need, represented by the EUE in Table , as a result of demand exceeding the available network capacity.

This option does not meet our customers' expectations of a reliable electricity supply, which requires investment to avoid unplanned network outages. Furthermore, this option does not align with AusNet's asset management objectives of being future ready and meeting customer needs by maintaining the long-term reliability of our distribution network.

5.2. Option 1: Construct a new 22kV feeder by utilising the existing WGL11 route

Option 1 involves constructing a new 22kV feeder from the WGL Zone substation, which is the nearest to the proposed major development areas. The new feeder is expected to be commissioned by CY 2029 and will be known as the WGL31 feeder. A feeder route marked can provide a new feeder route using a spur of WGL11. Figure 4 illustrates the proposed feeder route. The new feeder will offload the existing WGL13 feeder and provide additional support to WGL11, WGL12, WGL21, which are also constrained. The route length of the new 22kV feeder from WGL Zone substation is approximately 10.6 km.

Figure 4 - New WGL31 22kV feeder route (dashed black line) and its proposed supply area (black)



Construction of a new 22kV feeder from WGL will reduce expected unserved energy by offloading WGL13, as the load from southern and western portions of Drouin precincts can be transferred to the new feeder. The load supplied by WGL13 will be reduced as well as the expected unserved energy. Once commissioned, there will be no expected unserved energy on WGL13.

All 22kV feeder bays in WGL station are utilised to supply distribution feeders, with no spare bays available. The practice of piggybacking or dual glanding where two feeders are connected through a single circuit breaker is not considered an acceptable design solution due to its adverse impact on system reliability. This configuration introduces a single point of failure, whereby a fault on one feeder has the potential to trip both circuits simultaneously. Such an outcome compromises network resilience, increases the risk of widespread outages, and undermines fault isolation protocols. To maintain operational integrity and ensure fault containment, each feeder should be independently protected via dedicated circuit breakers. As such, an extension of the busbar to accommodate a new WGL31 feeder bay will be required, coupled with the installation of a new circuit breaker and a new feeder exit cable of 500 metres. The zone substation also has no spare land availability; therefore an extension is required to place the additional primary equipment. The alternative, low-cost option of consolidating feeders to release a feeder bay for the new 22kV feeder is not recommended due to reliability concerns.

A high-level scope includes:

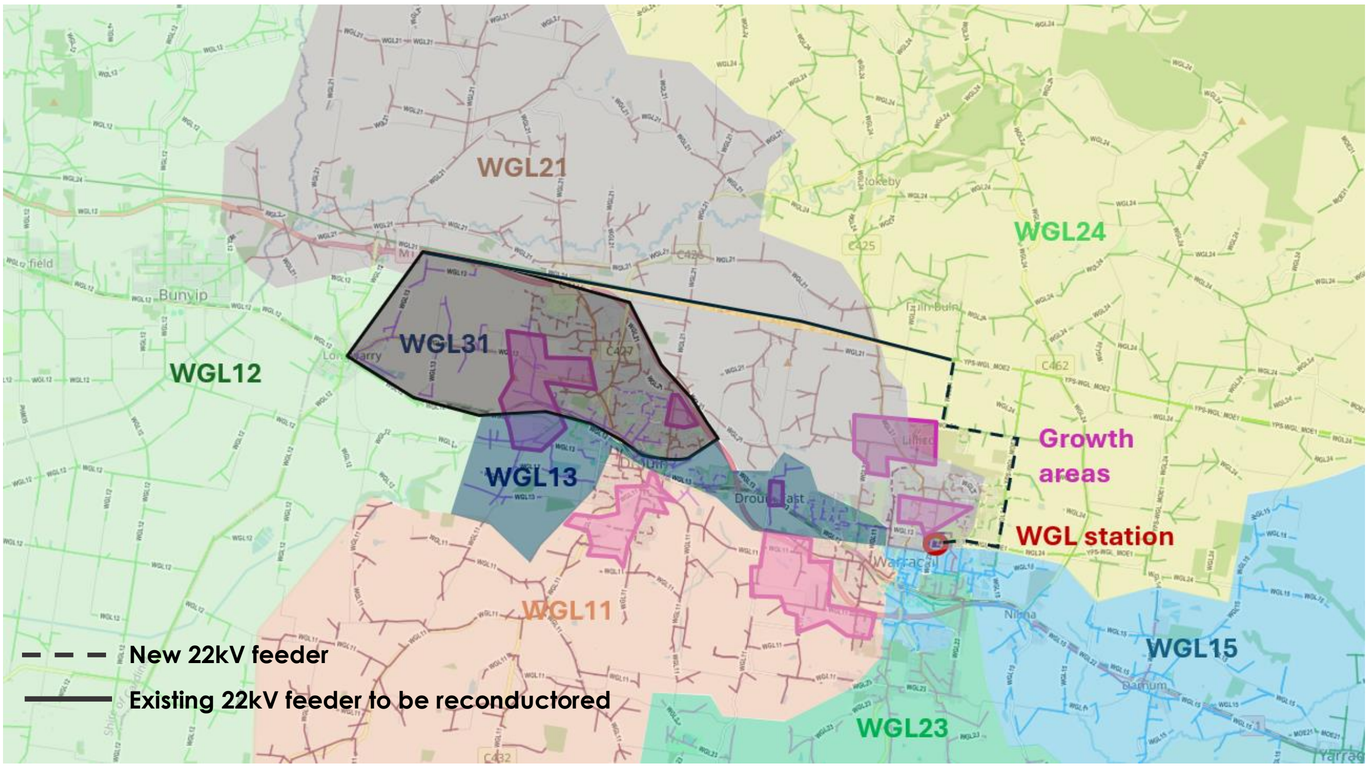
- Installation of a new 22kV bus, including a new 22kV switch room and required 22kV switchgear and a new 22kV feeder
- Extension of the zone substation to accommodate the new primary equipment listed above.
- Construction of a single 10.6 km of new feeder backbone from WGL (new bus feeder) along the existing path of WGL11 (31-39 Main south Rd, Drouin VIC),
- Installation of a new switch/sectionaliser near WL139.
- Installation of a new line voltage regulator at this termination point.

The estimated capital cost of this option is $32.3 million.

5.3. Option 2: Construct a new 22kV feeder by utilising the existing WGL24 route

Option 2 involves constructing a new 22kV feeder from the WGL Zone substation, which is closest to the proposed major development areas. The new feeder is expected to be commissioned by CY 2029 and will be known as the WGL31 feeder. Figure 10 illustrates the proposed feeder route. The length of the new 22kV feeder from WGL is approximately 8.7 km, and the existing feeder that will need to be reconductored is approximately 6.7km. The new feeder is expected to end where the existing WGL24 feeder will be disconnected. This option uses the existing WGL24 line, allowing WGL24 to expand further towards the east. This option also involves building a new connection point between WGL21 and the new WGL31 to relieve WGL21. The new feeder will offload the existing WGL13 feeder and provide additional support to WGL12, WGL21, and WGL24, which are also close to being constrained.

Figure 3 - New WGL31 22kV feeder route and its proposed supply area



All 22kV feeder bays in WGL station are utilised to supply distribution feeders, with no spare bays available. The practice of piggybacking or dual glanding where two feeders are connected through a single circuit breaker is not considered an acceptable design solution due to its adverse impact on system reliability. This configuration introduces a single point of failure, whereby a fault on one feeder has the potential to trip both circuits simultaneously. Such an outcome compromises network resilience, increases the risk of widespread outages, and undermines fault isolation protocols. To maintain operational integrity and ensure fault containment, each feeder should be independently protected via dedicated circuit breakers. As such, an extension of the busbar to accommodate a new WGL31 feeder bay will be required, coupled with the installation of a new circuit breaker and a new feeder exit cable of 500 metres. The alternative, low-cost option of consolidating feeders to release a feeder bay for the new 22kV feeder is not recommended due to reliability concerns.

A high-level scope includes:

- Installation of a new 22kV bus, including a new 22kV switch room and required 22kV switchgear, a new 22kV feeder and a capacitor bank.

- Extension of the zone substation to accommodate the new primary equipment listed above.
- Construction of 8.7 km of new feeder backbone from WGL (new bus feeder) along the existing path of WGL24.
- Reconductoring of 6.7km of backbone along the existing WGL24 route.
- Provision of a new switch.
- Installation of a new line voltage regulator at this termination point.

The estimated capital cost of this option is $33.7 million.

5.4. Option 3: Non-network or SAPS solutions

For this option, AusNet will consider and evaluate any alternative, non-network or SAPS proposals that are submitted by interested parties during this RIT-D consultation, that credibly address the identified need.

AusNet will also identify whether a non-network solution can be combined with another solution to defer, reduce in scope, or address the EUE in the lead up to implementation of the credible network options being considered.

The following non-network solutions located at strategic locations within the Baw Baw area are likely to be potentially feasible options to address the identified need (at least in part):

- New dispatchable generation;
- New renewable generation firmed up by energy storage systems;
- Demand management using customer standby generation and/or controllable load.

Without limiting the potential for non-network solutions, the following types of non-network options are unlikely to be feasible:

- Renewable generation not coupled with dispatchable generation, storage or controllable load;
- Behavioural demand response not coupled with dispatchable generation, storage or controllable load; and
- Unproven, experimental or undemonstrated technologies.

Details of the characteristics and requirements needed for a non-network or SAPS solution to address the identified need are described in the next section of this document.

6. Non-network or SAPS options

This section provides information regarding the non-network or SAPS services that would be required to address the identified need, including:

- The technical characteristics that a non-network or SAPS option would be required to deliver;
- The estimated maximum deferred augmentation charge that would be available to pay for the non-network service; and
- The information that a non-network proponent should provide to AusNet to explore the potential provision of a non-network service.

6.1. Required technical characteristics of a non-network option

Table 6 sets out the dispatchable load reduction/generation/storage capacity required from a non-network or SAPS option, located within the Warragul and Drouin area by year. It also provides an indication of the maximum number of operating hours per year, and the expected amount of energy needing to be supported by the option. This information (together with Figure 4) provides an indication of the required operating profile to address the identified need in its entirety, noting that prospective non-network service providers may not be able to exactly (or fully) match these requirements to be considered a credible solution.

Table 6 Performance requirements of a non-network solution by Calendar Year

YEAR	CAPACITY REQURED (MVA)	MAXIMUM DURATION (HRS PA)	EXPECTED ANNUAL ENERGY (MWH PA)
2026	0.5	16.6	0.2
2027	1.3	0.5	0.0
2028	1.9	377.2	36.0
2029	2.3	377.2	49.2
2030	2.3	390.8	66.1
2031	2.7	390.8	85.1
2032	3.1	390.8	107.6

A non-network option must be capable of reliably supplying or managing load under a range of conditions and scenarios. The non-network solution will contribute to reliability to the extent that it addresses the EUE risks arising from the identified need.

If the non-network option is a generator operating in parallel with AusNet's network, the generator must comply with the requirements set out in document SOP 33-05 and other connection requirements which are set out in AusNet Services' embedded generator connections page.

6.2. Information to be included in non-network solution proposals

Non-network service providers interested in alleviating the network constraints outlined above are advised to begin engagement with AusNet as soon as possible. A detailed proposal including the information listed below should be submitted by the requested date.

Details required include:

- Name, address and contact details of the person making the submission.
- Name, address and contact details of the person responsible for non-network support (if different to above).
- A detailed description of the services to be provided, including:
  - Size and capacity (MW/MVA/MWh).
  - Location(s).
  - Frequency and duration.
  - Type of action or technology proposed, including response / ramp rate information, where applicable.
  - Proposed dispatching arrangement (e.g. telephone, web-based trigger, automated means via RTU).
  - Availability and reliability performance details.
  - Period of notice required to enable dispatch of non-network support (e.g. to allow time for charging of energy storage solutions or market-based limitations).
  - Proposed contract period and staging (if applicable).
  - Proposed timing for delivery (including timeline to plan and implement the proposal).
- High-level electrical layout of the proposed site (if applicable).
- Evidence and track record proving capability and previous experience in implementing and completing projects of the same type as the proposal.
- Preliminary assessment of the proposal's impact on the network.
- Breakdown of the lifecycle costs for providing the service, including:
  - Capital costs (if applicable).
  - Annual operating (i.e. set up and dispatch fees) and maintenance costs.
  - Other costs (e.g. availability, project establishment, etc.).
  - Tariff assumptions.
  - Expected annual payment for providing the non-network solution
- A method outlining measurement and quantification of the agreed service, including integration of the proposed solution with the network.
- A statement outlining that the non-network service provider is prepared to enter into a Network Support Agreement (NSA) (subject to agreeing terms and conditions).
- Letters of support from partner organisations.
- Any special conditions to be included in an NSA.

All proposals must satisfy the requirements of any applicable laws, rules, and the requirements of any relevant regulatory authority, including following the normal network connection processes where applicable. Any network reinforcement costs required to accommodate the non-network solution will typically be borne by the proponent of the non-network solution.

For further details on AusNet's process for engaging and consulting with non-network service providers, and for investigating, developing, assessing and reporting on non-network options as alternatives to network augmentation, please refer to the Non-Network Solutions and Demand Management webpages, which contain the Demand Side Engagement Strategy and other relevant demand management documentation:

https://www.ausnetservices.com.au/Electricity

6.3. Potential payments to non-network proponents

At this stage, the preferred network option has not yet been determined. However, the maximum annualised capital expenditure that could be deferred by contractually engaging a non-network solution is $2.0 million, assuming Option 1 is the preferred network option.

The payment for a non-network solution will vary according to availability, capacity, dispatch duration and firmness of the non-network service, and the responses received from other non-network proponents. The actual payment to a non-network proponent will also be subject to negotiation.

AusNet welcomes the submission of non-network option proposals for review of the potential payment amount on a case-by-case basis. For more information or enquiries regarding non-network solutions to address the identified need, please ritdconsultations@ausnetservices.com.au. In the subject field, please reference ‘RIT-D OSR Baw Baw’.

7. Compliance with NER

In accordance with clause 5.17.4 of the NER, we certify that the screening for non-network options satisfy the first stage of regulatory investment test for distribution. Table 7 shows how each of these requirements have been met by the relevant section of this report.

Table 7: Compliance with regulatory requirements

REQUIREMENT	SECTION
Clause 5.17.4 of the NER, Non-network options report must include the following:	Noted. See details below.
(1) a description of the identified need;	Section 4.
(2) the assumptions used in identifying the identified need (including, in the case of proposed reliability corrective action, why the RIT-D proponent considers reliability corrective action is necessary);	Section 4.4.
(3) if available, the relevant annual deferred augmentation charge associated with the identified need;	Section 6.3
(4) the technical characteristics of the identified need that a non-network option or (in relation to a SAPS enabled network) a SAPS option would be required to deliver, such as:	Section 6.
(i) the size of load reduction or additional supply;	
(ii) location;	
(iii) contribution to power system security or reliability;	
(iv) contribution to power system fault levels as determined under clause 4.6.1; and	
(v) the operating profile;	
(5) a summary of potential credible options to address the identified need, as identified by the RIT-D proponent, including network options, non-network options and (in relation to a SAPS enabled network) SAPS options.	Section 5.
(6) for each potential credible option, the RIT-D proponent must provide information, to the extent practicable, on:	Section 5.
(i) a technical definition or characteristics of the option;	
(ii) the estimated construction timetable and commissioning date (where relevant); and	
(iii) the total indicative cost (including capital and operating costs); and	
(7) information to assist non-network providers wishing to present alternative potential credible options including details of how to submit a non-network proposal for consideration by the RIT-D proponent.	Sections 8.

8. Information to assist non-network and SAPS options providers during consultation period

8.1. Request for submissions

AusNet invites written submissions and any queries, on the matters set out in this OSR, from Registered Participants, AEMO, interested parties, non-network providers and persons registered on our demand-side engagement register. As explained in section 6.2, prospective non-network service providers interested in alleviating the network constraints outlined in this OSR are advised to begin engagement with AusNet as soon as possible.

All submissions and enquiries should be directed to:

Email: ritdconsultations@ausnetservices.com.au

Submissions are due on or before 22 December 2025 and should refer to 'RIT-D OSR Baw Baw' in the subject heading.

Submissions will be published on AusNet's and AEMO's websites. If you do not wish to have your submission published, please clearly stipulate this at the time of lodging your submission.

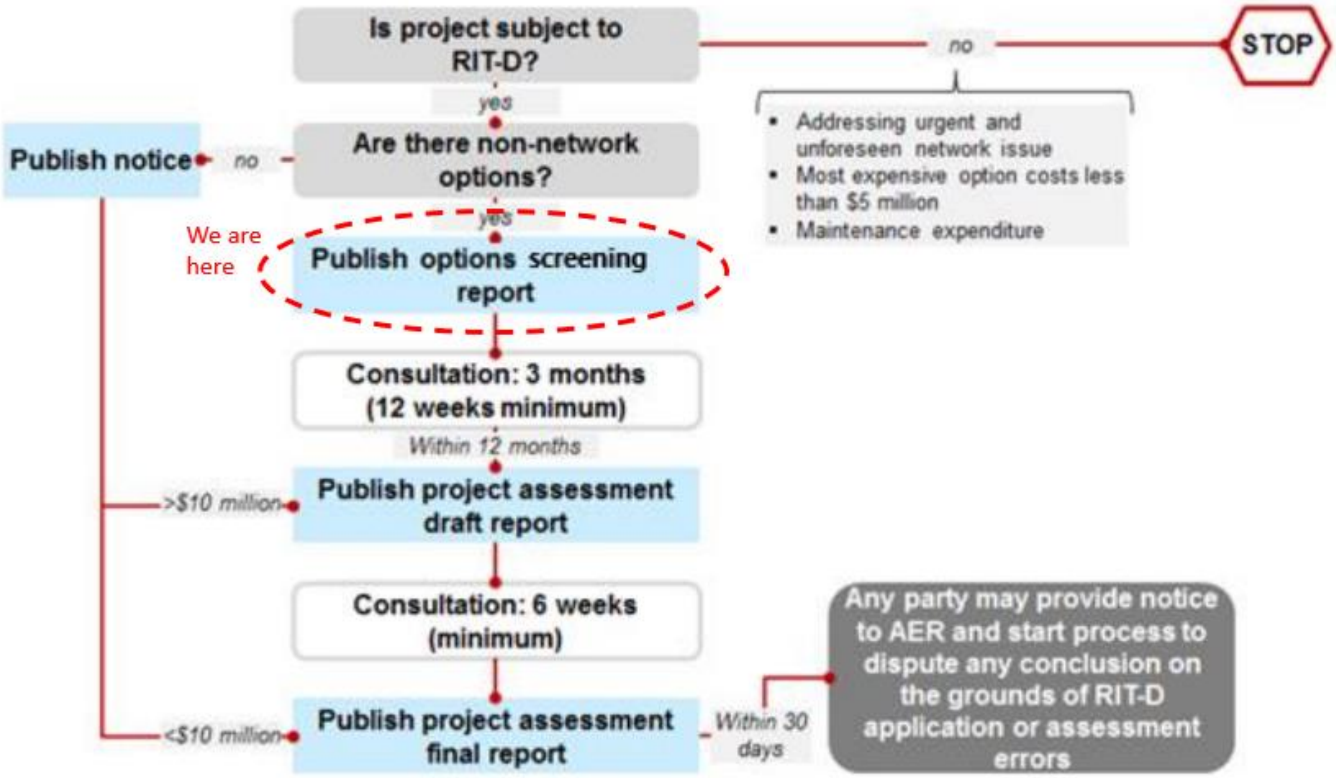
8.2. Next stage of RIT-D process

Following the conclusion of the consultation period for this report, AusNet will, having regard to any submissions received, prepare and publish the DPAR which will include:

- A summary of, and commentary on, any submissions on this OSR.
- A detailed market benefit assessment of the proposed credible options to address the identified need.
- Identification of the proposed preferred option to meet the identified need.

AusNet expects to publish the DPAR end of 2025.

Appendix – RIT-D assessment and consultation process[13]



[13] Section 4 - Australian Energy Regulator, "*Application guidelines Regulatory investment test for distribution*" August 2022

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