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TO: ASX Limited
Singapore Exchange Securities Trading Limited

Transmission Revenue Reset 2017-22 AER Final Decision

The Australian Energy Regulator (AER) published the Final Decision on AusNet Services' 2017-22 Transmission Revenue Proposal earlier today. The following table summarises the AER's Final Decision relative to the Draft Decision made in July 2016.

| | Draft Decision (\$M) | Final Decision (\$M) | % Increase |
|-----------------------------|----------------------|----------------------|------------|
| Total Revenue | 2,695 | 2,742 | 1.7% |
| Total Capital Expenditure | 622 | 780 | 25.4% |
| Total Operating Expenditure | 1,110 | 1,225 | 10.3% |

Note: An increase in the easement land tax forecast for the 2017-22 period contributed to the higher revenue and operating expenditure approved in the Final Decision. This tax is a pass through to customers.

AusNet Services welcomes the Final Decision, which provides certainty both to investors through predictable, inflation-adjusted cash flows out to March 2022, and to Victorian transmission customers through stable prices.

The Final Decision approved a 25% increase in capital expenditure for AusNet Services compared to the Draft Decision. Importantly, the AER has approved sufficient funding to maintain existing safety standards on our network. The Final Decision also funds key transmission projects, particularly the replacement and refurbishment of several major terminal stations, which are critical to providing a safe and reliable electricity supply to the Melbourne CBD.

The AER has not accepted AusNet Services' proposed value of imputation credits (known as gamma), preferring a value which is consistent with the AER's position in appeals which are currently before the Federal Court of Australia. AusNet Services will review its appeal rights in relation to gamma in the coming weeks.

For a full copy of the Final Decision please refer to the AER's website, www.aer.gov.au.

Claire Hamilton
Company Secretary