

Contact Officer: Kevin Cheung
Contact Phone: [REDACTED]

19 January 2024

Maryanne Graham
Executive General Manager
Corporate and Stakeholder Affairs
TransGrid
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By email: [REDACTED]

Cc: [REDACTED]

Dear Maryanne

Re: Notice under clause 6A.8.2(h1) of the National Electricity Rules

The purpose of this letter is to provide notice to TransGrid, pursuant to clause 6A.8.2(h1) of the National Electricity Rules (NER), regarding information that the AER requires for the assessment of TransGrid's HumeLink Stage 2 Contingent Project Application, dated 21 December 2023.

Please provide the requested information set out below by Monday 29 January 2024.

Note that, under NER cl. 6A.8.2 (d), the AER must make its decision within 40 business days of receiving TransGrid's response to this information request under cl. 6A.8.2 (h1).

Confidentiality

- If any part of your response to this notice is confidential, please clearly identify the confidential information within your response at the time it is submitted (for example, by highlighting it), and note this in the filename of any attachment,
- note 'CONFIDENTIAL' in the subject of the email, and
- provide a public and a confidential version of any attachments to your response.

If you would like to discuss the above further, or have any questions, please contact Kevin Cheung, Network Expenditure Branch, on [REDACTED] in the first instance.

Yours sincerely

[REDACTED]

Dr Kris Funston
Executive General Manager
Network Regulation, AER

Sent by email on: 19.01.2024

Additional information required: HumeLink Stage 2 Contingent Project Application

The following question relates to the *HumeLink Stage 2 (Delivery) CPA principal application document*.

1. TransGrid notes that, given the increase in estimated costs of the project since the project assessment conclusions report (PACR), it is currently updating the Regulatory Investment Test for Transmission (RIT-T) Net Present Value (NPV) analysis to confirm that there is no change to the preferred option to meet the material change in circumstances required as contemplated under NER 5.16A.4(n).

We also recognise that since the Humelink PACR Addendum was published in December 2021, input assumptions relied on for this analysis are likely to have materially changed, which may impact the forecast benefits and optimal investment timing for each of the credible options.

We [wrote to TransGrid](#) in August last year and asked that it make available to the AER and stakeholders its 'material change in circumstances' assessment before it submits a further contingent project application to the AER. Without evidence of this assessment, we have the following concerns:

- TransGrid's contingent project application might not be compliant with clause 6A.8.2(b)(1) because it may not have met the requirement that it provide an explanation that substantiates the occurrence of the trigger event.
- the AER may form the view that it is not satisfied that the trigger event as set out at clause 5.16A.5, in particular paragraph (a), has occurred which is required under clause 6A.8.2(e) before the AER can amend the revenue determination for the purpose of the contingent project.

To alleviate these concerns and to be satisfied that a material change in circumstances has not occurred (whereby the preferred option identified in the PACR Addendum is no longer the preferred option), we request that TransGrid provide its updated NPV analysis. This analysis should:

- a. use the most recent AEMO Integrated System Plan (ISP) parameters (from the draft 2024 ISP or the 2023 Inputs, Assumptions and Scenarios Report). Where other data or assumptions are adopted, TransGrid must provide detailed reasons and identify the impact of this data or assumptions on the cost-benefit analysis. TransGrid should also demonstrate whether any inputs and assumptions have changed for the other credible options assessed in the PACR and its Addendum;
- b. include scenario analysis (and where required sensitivity analysis) to test the robustness of the preferred option, by adopting the three scenarios in the draft 2024 ISP (step change, progressive change and green energy exports) and their weightings;
- c. include a comparative market benefits analysis for at least the top three ranked credible options assessed in the PACR (amended PACR published in December 2021) to demonstrate any impact on the ranking of credible options and hence, the preferred option identified in the PACR. These options include Option 1C-new, Option 2C and Option 3C (preferred option);
- d. be provided in a Microsoft Excel workbook; and
- e. include any supporting reports (including consultant reports).