

Tuesday, 9 January 2024

Kris Funston
Executive General Manager
Network Regulation
AER

Dear Kris

Re: Negative Cost Pass through - Murraylink

I am writing to you to inform you of a negative cost pass through event that has occurred at Murraylink.¹

The AER accepted the inclusion of a cost pass through event for connection charges² as part of the Murraylink Transmission Determination for the 2018-23 period.

The cost pass through would occur where the total connection charges from AusNet Services and ElectraNet materially differed from the forecast connection charges included in the Forecast Operating Expenditure approved by the AER. The definition of material is that the change in connection costs must exceed one per cent of the maximum allowed revenue for Murraylink for the relevant regulatory year.³

An event has occurred that satisfies both these criteria and therefore there is a negative cost pass through amount to be included in the 2024/25 revenue calculation for Murraylink.

The negative change event is a lowering of the connection charges by ElectraNet levied on Murraylink with this being confirmed by the finalisation of audited regulatory accounts for 2022/23. The full year connection charge costs for Murraylink for the 2023 financial year are set out in the table below

Connection Charge	Amount (\$ nominal)
ElectraNet	36,239
AusNet	252,322
Total	288,561

The nominal value of the connection charges included in the forecast operating expenditure for 2022/23 is \$1,180,465. This means the actual connection charges is lower than the forecast amount by \$880,817.

When calculated using the AER's model the negative cost pass through amount is **\$953,284**.

¹ National Electricity Rules 6A.7.3(f)

² National Electricity Rules 6A.6.9(b)

³ AER, Murraylink Draft Determination, Attachment 13, p 11

ElectraNet have advised Murraylink that the connection charge included a capital component that was no longer required. Due to the commencement of a new regulatory control period and the inclusion of the lower connection charge cost in the base operating expenditure, this will be the last cost application for this cost pass through event.

The calculation of the cost pass through is set out in the attached model.

Yours Sincerely



Mark Allen
Regulatory Manager