

Basslink

Updated Commencement and Process Paper

August 2024

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Amendment record

Version	Date	Pages
1	16 August 2024	8

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1 Background and Update

1.1 About Basslink

Basslink is a 500 MW undersea transmission cable which links Loy Yang in Victoria to George Town in Tasmania. In 2022, APA acquired Basslink Pty Ltd, and is the owner and operator of Basslink.

On 19 May 2023, APA lodged an application with the AER:

- to convert Basslink’s network services from market network services to prescribed transmission services
- requesting us to commence, and determine, the process of making a transmission determination for Basslink.

1.2 Background

On 14 July 2023, we published a Commencement and Process Paper setting out our decision to commence a revenue determination process for the Basslink interconnector.¹ The process we adopted included considering APA’s application to convert the Basslink interconnector from a Market Network Service Provider (MNSP) to a prescribed Transmission Network Service Provider (TNSP) and the revenue determination concurrently. The revenue determination will apply in the event Basslink converts to a prescribed TNSP, regulated by the Australian Energy Regulator (AER).

In considering APA’s conversion application, we are required to determine whether regulation of Basslink would, or is likely to, contribute to the achievement of the National Electricity Objectives (NEO). Consequently, whether Basslink should be converted to a regulated TNSP is a ‘with or without’ regulation question. That is, would the benefits of regulation outweigh the costs to consumers.

On 10 November 2023, we published the Basslink Issues Paper and invited submissions, closing 16 February 2024.² Under the established timeline our draft decision was expected on 14 June 2024.

1.3 Update

On 13 May 2024, we published the *Basslink consultation paper – commencement and process paper amendment*³ proposing to amend the Basslink Commencement and Process Paper, with proposed amendments to include a Position Paper and revised Final Decision date to support additional consultation. Stakeholder submissions in response to the Basslink Issues Paper have informed our decision to propose amendments to the Basslink Commencement and Process Paper. These submissions include a variety of views on the

¹ AER, *Basslink Decision: Commencement and Process Paper*, July 2023. Available at: [Basslink - Determination 2025-30: Decision](#)

² AER, *Issues Paper: Conversion and Revenue Determination 2025-30*, July 2023. Available at: [Basslink - Determination 2025-30: Issues Paper](#)

³ AER, *Basslink consultation paper – commencement and process paper amendment*, May 2024. Available at: [Basslink – Determination 2025-30: Update](#)

merits of converting Basslink's services to regulated services and cost allocation between Victoria and Tasmania,

Submissions in response to the Issues Paper also highlighted that stakeholders consider further information, including independent modelling, is required to understand whether Basslink operating as a prescribed TNSP would, or is likely to, contribute to NEO.

We invited stakeholders to make written submissions in response to the Basslink Consultation Paper by 31 May 2024. The stakeholder submissions are discussed in Section 2 below.

1.4 Decision

We have decided to amend the Basslink Commencement and Process paper to reflect the proposed amendments set out in the *Basslink consultation paper – commencement and process paper amendment*. Under the revised process, a second consultation paper will be added to facilitate further consultation on the likelihood of different assumptions related to the conversion decision (rather than a Position Paper), with a Draft Decision in November 2024 and a Final Decision in February 2025. Section 3 below sets out the revised timeline.

2 Stakeholder submissions

The AER received two submissions in response to the *Basslink consultation paper – commencement and process paper amendment*. The Energy Users Association of Australia (EUAA) supported the proposed amendments to the Commencement and Process Paper, noting it is a ‘complex process that requires additional consideration and consultation’.⁴

In addition, staff have also contacted stakeholders who provided a submission in response to the Basslink Issues Paper. These stakeholders did not make any formal submission in response to the *Basslink consultation paper – commencement and process paper amendment*.

⁴ EUAA [Submission on Basslink Consultation paper – Determination 2025-30](#), June 2024, p. 1.

3 Summary of amendments

3.1 Updated Timeline

To accommodate the addition of a second Consultation Paper on aspects of Basslink relating to the conversion decision, we have decided to amend the key milestones established in the Basslink Commencement and Process Paper. The changes are consistent with the amendments proposed in the published *Basslink consultation paper – commencement and process paper amendment*.

Table 1.1 below sets out the revised timeline, including the addition of a Consultation Paper and revised dates for the Draft Decision and Final Decision.

Table 1.1 Basslink – Updated timelines

Process Step	Previous Timeline	Updated Timing
AER Consultation Paper – Basslink Conversion August 2024	Not included in process	No later than 30 August 2024
Consultation Paper Submissions close	Not included in process	20 September 2024
AER Draft Decision	14 June 2024	8 November 2024
APA submit revised regulatory proposal	16 August 2024	3 January 2025
AER Final Decision	15 December 2024	28 February 2025

* Note timings are indicative and may be subject to change.

Glossary

Term	Definition
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
MNSP	Market Network Service Provider
NEO	National Electricity Objective
NER	National Electricity Rules
TNSP	Transmission Network Service Provider
