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Our Ref: #17363027
Contact Officer: David Monk
Contact Phone: [REDACTED]

6 November 2024

Jacqueline Bridge
Executive General Manager, Energy Futures
Powerlink
PO Box 1193
Virginia QLD 4014

Dear Ms Bridge

Re: AER Determination – Powerlink – 2023-24 network support cost pass through

I am writing to advise you of the AER's assessment of Powerlink's 2023-24 network support cost pass through application submitted on 20 September 2024, in relation to network support payments made for Network Support and Control Ancillary Services (NSCAS) in 2023-24.

In accordance with clause 6A.7.2(e) of the National Electricity Rules (NER), the AER has determined that a positive change event has occurred, and the required positive pass through amount is \$937,216 (\$Dec 2025). This amount should be reflected in Powerlink's maximum allowed revenue for 2025-26.

The approved positive pass through amount is the same as Powerlink's proposed amount.

Details of the AER's assessment against the relevant factors set out in the NER are set out in Attachment A. If you have any queries in relation to this matter, please contact David Monk at [REDACTED]

Yours sincerely

[REDACTED]

Arek Gulbenkoglu
General Manager
Network Expenditure

Sent by email on: 06.11.2024

Attachment A: Requirements for determining a positive change event has occurred

Requirement of the NER	Our consideration
Is the pass through event a network support event? ¹	Yes. The pass through event is a network support event as defined in the NER, cl 6A.7.2.
What is the date on which the positive change event occurred?	We consider that the network support cost event occurred in the regulatory year concluding on 30 June 2024, as a result of Powerlink's response AEMO's notice of Queensland NSCAS requirements on 11 May 2022, until 31 January 2024.
Did Powerlink submit a written statement of its pass through application within 60 business days of the positive change event occurring? ²	Yes. Powerlink made its pass-through application on 20 September 2024.
Did Powerlink specify details of the positive change event, including the date on which the event occurred, in its written statement? ³	Yes. Powerlink's written statement is available on our website.
Did Powerlink specify in its written statement the eligible pass through amount, the proposed positive pass through amount, and the amounts proposed to be recovered from customers in each regulatory year? ⁴	Yes. Powerlink proposed an eligible positive pass through amount of \$937,216 (\$Dec 2025) to be recovered from network users in 2025-26.
Did Powerlink specify in its written statement evidence of the actual and likely increase in costs that occurred solely as a consequence of the positive change event? ⁵	Yes. Powerlink written statement set out the costs it incurred in 2023-24 as a result of AEMO's notice of Queensland NSCAS needs on 11 May 2022, until 31 January 2024, as well as how it calculated its proposed pass through amount.
Was there a regulatory information instrument applicable to the pass through application? ⁶	No
We must take into account the matters and proposals set out by Powerlink in its written application provided to the AER on 20 September 2024. ⁷	We have had regard to the matters set out by Powerlink in its application in making our determination.
In the case of a positive network support event, we must take into account the increase in costs in the provision of prescribed transmission services that Powerlink has incurred in the preceding regulatory year as a result of the positive network support event. ⁸	We consider Powerlink has incurred additional costs of \$937,216 (\$Dec 2025) as a result of the network support event in the 2023-24 regulatory year.
We must take into account the efficiency of Powerlink's decisions and actions in relation to the risk of the event, including whether Powerlink has failed to take	We consider that Powerlink has likely operated efficiently in its decisions and actions relating to the risk of the positive change event occurring.

¹ NER cl. 6A.7.2(a)

² NER cl. 6A.7.2(c)

³ NER cl. 6A.7(c)(1)

⁴ NER cl. 6A.7(c)(2)

⁵ NER cl. 6A.7(c)(3)

⁶ NER cl. 6A.7(c)(4)

⁷ NER cl. 6A.7(i)(1)

⁸ NER cl. 6A.7(i)(2)

<p>any action that could reasonably be taken to reduce the magnitude of the positive network support event and whether Powerlink has taken or omitted to take any action where such action or omission has increased the magnitude of the amount in respect of that event.⁹</p>	
<p>We must take into account the time cost of money.¹⁰</p>	<p>To account for the time cost of money, WACC escalations are applied for a period of one and a half years when determining the pass through amount. Therefore, in our calculation we applied:</p> <ul style="list-style-type: none"> • 2024–25 nominal WACC of 5.27% over one year, which represents the year in which the connection charge cost pass through application is submitted and assessed by the AER • a further 2025–26 nominal WACC of 4.78% for half a year, which represents the period where the pass through amount is passed through to customers.
<p>We must take into account the need to ensure that the pass through amount reflects only the network support costs incurred solely as a consequence of AEMO's 2022 notice of Queensland NSCAS needs for the ensuing 5 years.¹¹</p>	<p>We consider that the costs to be recovered by Powerlink due to this pass-through event are solely attributable to the incremental costs associated with Powerlink's response to AEMO's May 2022 notice of Queensland NSCAS needs.</p>
<p>We must consider whether any other factors are relevant.¹²</p>	<p>We do not consider any other matters to be relevant</p>

⁹ NER cl. 6A.7(i)(3)

¹⁰ NER cl. 6A.7(i)(4)

¹¹ NER cl. 6A.7(i)(5)

¹² NER cl. 6A.7(i)(6)