

# Pricing Methodology

**Directlink Joint Venture**  
2025-2030 Revenue Proposal



**Energy  
Infrastructure  
Investments**

## Contents

<b>1.</b>	<b>Introduction.....</b>	<b>1</b>
<b>2.</b>	<b>Directlink’s Pricing Methodology.....</b>	<b>2</b>
	2.1. Information requirements.....	2
	2.2. Permitted (locational) pricing structures .....	8
	2.3. Permitted (postage stamp) pricing structures .....	10
	2.4. Attribution of transmission system assets to categories of prescribed transmission services .....	13
	2.5. Disclosure of information .....	16
<b>3.</b>	<b>Glossary .....</b>	<b>19</b>

## 1. Introduction

The Directlink Interconnector is a privately funded electricity transmission asset operated by the Directlink Joint Venture. It connects the New South Wales (NSW) and Queensland regions of the National Electricity Market (NEM), transferring power between the Mullumbimby and Terranora substations, both in NSW. Directlink's current rated capacity is 180 megawatts (MW).

The Directlink Interconnector is owned by the Directlink Joint Venture ABN 16 779 340 889. The Directlink Joint Venturers are beneficially owned by Energy Infrastructure Investments Pty Limited (EII).

EII is an energy infrastructure investment company, which owns electricity interconnectors (including Directlink), coal seam gas processing plants and gas pipelines. EII is owned by:

- MM Midstream Investment Pty Ltd (49.9%) – an investment fund operated by Marubeni a Japanese company with businesses across a wide range of industrial sectors internationally;
- Osaka Gas (30.2%) – has energy investments in over 56,000 km of gas transmission and distribution pipelines in Japan and an interest in approximately 5,200 MW of power generation in Japan, USA and Europe; and
- APA Group (19.9%) - APA is a major owner and operator of energy infrastructure in Australia owning over 12,000km of gas transmission pipelines and over 2,500 km of gas distribution networks.

The Directlink asset is operated and maintained by the APA Group under contractual arrangements.

Clause 6A.25.1(a) of the *National Electricity Rules (Rules)* requires the AER to develop, in accordance with the *transmission consultation procedures, guidelines* relating to the preparation of a proposed pricing methodology by a *TNSP*.

In this pricing methodology the words and phrases presented in italics have the meaning given to them in the glossary; or, if not defined in the glossary, in the *Rules*.

Directlink's proposed pricing methodology has been developed in accordance with the AER's *Electricity Transmission Network Service Providers Pricing Methodology Guidelines* (the Guidelines)<sup>1</sup>.

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<sup>1</sup> AER, Electricity Transmission Network Service Providers Pricing Methodology Guidelines, August 2022

## 2. Directlink's Pricing Methodology

### 2.1. Information requirements

A TNSP's proposed pricing methodology must contain the following information:

Requirement	Directlink Compliance
(a) Whether the TNSP is the sole provider of <i>prescribed transmission services</i> within its <i>region</i> or whether there are multiple TNSPs providing <i>prescribed transmission services</i> .	Directlink is not the sole provider of prescribed transmission services in either NSW or Queensland. TransGrid, and Ausgrid are TNSPs in the NSW region and Powerlink is a TNSP in the Queensland region.
(b) If there are multiple TNSPs providing <i>prescribed transmission services</i> within its <i>region</i> the TNSP should detail whether it:	
(1) has been appointed as the <i>Co-ordinating Network Service Provider</i> for a <i>region</i> under clause 6A.29.1(a) of the <i>National Electricity Rules</i> and is therefore responsible for the allocation of the AARR within the <i>region</i> ; or	Directlink has not been appointed as the <i>Co-ordinating Network Service Provider</i> in either NSW or Queensland. TransGrid is the <i>Co-ordinating Network Service Provider</i> for Directlink's <i>prescribed transmission services</i> .
(2) is an <i>appointing provider</i> for the purposes of clause 6A.29.1(a) of the <i>National Electricity Rules</i> and if so, it should nominate the <i>Coordinating Network Service Provider</i> and identify the parts of its proposed <i>pricing methodology</i> which will be dealt with by the <i>Coordinating Network Service Provider</i> .	Directlink is an <i>appointing provider</i> for the purpose of the <i>Rules</i> . Certain parts of this proposed <i>pricing methodology</i> will be dealt with by the <i>Co-ordinating Network Service Provider</i> , as follows: <ul style="list-style-type: none"> <li>The calculation of the ASRR for the NSW region, in accordance with clause 6A.22.2 of the <i>Rules</i>.</li> <li>The calculation of attributable cost shares, in accordance with clause 6A.22.3 of the <i>Rules</i>.</li> <li>The principles for the allocation of the AARR to categories of <i>prescribed transmission services</i>, in accordance with clause 6A.23.2 of the <i>Rules</i>.</li> <li>The principles for the allocation of the ASRR to <i>transmission network connection points</i>, in accordance with clause 6A.23.3 of the <i>Rules</i>.</li> <li>Pricing structure principles, in accordance with clause 6A.23.4 of the <i>Rules</i>.</li> </ul>

Requirement	Directlink Compliance
(c) Details of how the AARR has been derived including an explanation of how the operating and maintenance costs and expected <i>system strength service payments</i> subtracted from the <i>maximum allowed revenue</i> in accordance with clause 6A.22.1 of the <i>National Electricity Rules</i> have been determined and how they will be recovered via <i>transmission prices</i> .	Directlink's AARR is for <i>prescribed transmission services</i> only. There is no component relating to <i>prescribed common transmission services</i> , nor any expected <i>system strength service payments</i> , for the purpose of clause 6A.22.1 of the <i>Rules</i> . Directlink's AARR is determined by the AER and is adjusted annually using the regulatory control formula. Directlink's AARR is recovered wholly through TransGrid's <i>transmission prices</i> .
(d) Details of how the AARR will be allocated to derive the ASRR for each category of <i>prescribed transmission service</i> , including:	Directlink's AARR is for <i>prescribed transmission services</i> only. It is included in the ASRR for TransGrid as the Coordinating Transmission Network Service Provider- see response to clause (c).
(1) how the <i>attributable cost shares</i> for each category of <i>prescribed transmission service</i> will be calculated in accordance with clause 6A.22.3 of the <i>National Electricity Rules</i> including:	The calculation of attributable cost shares in accordance with clause 6A.22.3 of the <i>National Electricity Rules</i> is described in TransGrid's <i>pricing methodology</i> .
A. an explanation of how the costs referred to in clause 6A.22.3(a) of the <i>National Electricity Rules</i> will be calculated; and	Included in the TransGrid <i>pricing methodology</i> .
B. hypothetical worked examples for each category of <i>prescribed transmission service</i> ;	Included in the TransGrid <i>pricing methodology</i> .
(2) how the priority ordering approach outlined in clause 6A.23.2(d) of the <i>National Electricity Rules</i> will be applied, including a hypothetical worked example; and	Included in the TransGrid <i>pricing methodology</i> .
(3) how asset costs which may be attributable to both <i>prescribed entry services</i> and <i>prescribed exit services</i> will be allocated.	Directlink does not provide <i>prescribed entry services</i> or <i>prescribed exit services</i> .
(e) Details of how the ASRR for each category of <i>prescribed transmission service</i> will be allocated to each transmission connection point, including:	Included in the TransGrid <i>pricing methodology</i> .
(1) how the attributable connection point cost share for both <i>prescribed entry services</i> and <i>prescribed exit services</i> will be calculated in accordance with clause 6A.22.4 of the <i>National Electricity Rules</i> , including:	Included in the TransGrid <i>pricing methodology</i> .
A. an explanation of how the costs referred to in clause 6A.22.4(a) of the <i>National Electricity Rules</i> will be calculated;	Included in the TransGrid <i>pricing methodology</i> .
B. hypothetical worked examples; and	Included in the TransGrid <i>pricing methodology</i> .

Requirement	Directlink Compliance
C. how asset costs allocated to <i>prescribed entry services</i> and <i>prescribed exit services</i> at a connection point, which may be attributable to multiple transmission network users, will be allocated;	Included in the TransGrid <i>pricing methodology</i> .
(2) how the locational and pre-adjusted non-locational shares of <i>prescribed TUOS services</i> will be allocated in accordance with 6A.23.3(b)–(e) of the <i>National Electricity Rules</i> ;	Included in the TransGrid <i>pricing methodology</i> .
(3) how the locational and adjusted non-locational components of <i>prescribed TUOS services</i> will be determined and allocated to connection points in accordance with clause 6A.23.3(c) of the <i>National Electricity Rules</i> .	Included in the TransGrid <i>pricing methodology</i> .
(f) In relation to price structures:	Included in the TransGrid <i>pricing methodology</i> .
(1) confirm that separate prices will be developed for each category of <i>prescribed transmission service</i> ;	See above.
(2) confirm that the prices for <i>prescribed entry services</i> and <i>prescribed exit services</i> will be a fixed annual amount, and describe how these amounts will be calculated;	See above.
(3) outline how the pricing structure for the recovery of the locational component of <i>prescribed TUOS services</i> complies with these guidelines and clauses 6A.23.4(b) of the <i>National Electricity Rules</i> including outlining:	See above.
A. the time period for the allocation of <i>generation to load</i> as prescribed in clause S6A.3.2(3) of the <i>National Electricity Rules</i> ;	See above.
B. how prices will be structured to comply with the <i>National Electricity Rules</i> and these <i>guidelines</i> ; and	See above.
C. the process for deriving the locational charge for each <i>billing period</i> and details of any adjustment mechanism applied to a measure of forecast demand once actual demand is known;	See above.
(4) outline how the postage stamp pricing structure for the recovery of the adjusted non locational component of <i>prescribed TUOS services</i> complies with these <i>guidelines</i> and clause 6A.23.4(e) of the <i>National Electricity Rules</i> ; and	See above.

Requirement	Directlink Compliance
(5) outline how the postage stamp pricing structure for the recovery of <i>prescribed common transmission services</i> complies with these <i>guidelines</i> and clause 6A.23.4(f) of the <i>National Electricity Rules</i> .	See above.
(g) Details of how the <i>TNSP</i> intends to set the <i>prescribed TUOS service</i> locational price at new <i>connection points</i> or at <i>connection points</i> where the load has changed significantly after <i>prescribed TUOS service</i> locational prices have been determined and published by the <i>TNSP</i> .	Included in the TransGrid <i>pricing methodology</i> .
(h) If a <i>TNSP</i> expects to calculate a postage stamped charge in accordance with either section 2.3(c)(4)(C) or 2.3(d)(3)(C) of these <i>guidelines</i> , it must explain the likely circumstances surrounding the use of <i>current energy offtake</i> or <i>current maximum demand offtake</i> in its proposed <i>pricing methodology</i> .	Included in the TransGrid <i>pricing methodology</i> .
(i) The information in relation to inter-regional charging arrangements required by section 2.6 of the <i>guidelines</i> .	Directlink is not the <i>Co-ordinating Network Service Provider</i> in NSW. As such, the requirements outlined in section 2.6 of the <i>guidelines</i> do not apply to Directlink
(j) Whether the <i>TNSP</i> is the <i>System Strength Service Provider</i> for its region.	Directlink is not the <i>System Strength Service Provider</i> in NSW.
(k) Where the <i>TNSP</i> is the <i>System Strength Service Provider</i> for its region	Not applicable – Directlink is not the <i>System Strength Service Provider</i> in NSW.
(1) confirm that a <i>System Strength Transmission Service User</i> for a <i>system strength connection point</i> will pay an annual <i>system strength charge</i> for the <i>system strength connection point</i> in equal monthly instalments from the time referred to in paragraph (2) in accordance with clause 6A.23.5 of the <i>National Electricity Rules</i> and these <i>guidelines</i> ;	See above
(2) explain the time at which the <i>system strength charge</i> will commence to be payable by a <i>System Strength Transmission Service User</i>	See above
(3) confirm that the monthly instalments for the <i>system strength charge</i> will be calculated on a pro rata basis for the remaining months of the <i>regulatory year</i> if the obligation to pay the <i>system strength charge</i> commences part way through a <i>regulatory year</i>	See above

Requirement	Directlink Compliance
(4) explain the methodologies it will apply to determine the <i>system strength unit price</i> for each <i>system strength node</i> on its <i>transmission network</i> for the <i>system strength charging period</i> , including an explanation of its methodology for forecasting its long run average costs of providing <i>system strength transmission services</i> ;	See above
(5) set out whether the <i>system strength unit price</i> will be updated for indexation for each <i>regulatory year</i> in the <i>system strength charging period</i> and, if so, the basis for indexation;	See above
(6) explain how the methodologies and prices referred to in paragraphs (4) to (5) comply with the requirements in section 2.7(a) and (b) of these <i>guidelines</i> and clause 6A.23.5 of the <i>National Electricity Rules</i> ;	See above
(7) explain how it will calculate the adjustments required under clause 6A.23.3A(b) of the <i>National Electricity Rules</i> , including the methodologies it will apply to determine forecast <i>annual system strength revenue</i> and estimated actual <i>annual system strength revenue</i> ; and	See above
(8) explain how the methodologies referred to in paragraph (7) give effect to, and are consistent with, clause 6A.23.3A of the <i>National Electricity Rules</i> and the principles in section 2.8 of these <i>guidelines</i> .	See above
(l) Where the <i>TNSP</i> is not the <i>System Strength Service Provider</i> for its <i>region</i> :	Directlink considers that the requirements in paragraph (1) and (2) do not apply to Directlink because of technical and practical reasons it is very unlikely to have any <i>system strength connection points</i> on its <i>transmission network</i> during the period over which the proposed <i>pricing methodology</i> will apply.
(1) explain how it will set charges applicable to each <i>system strength connection point</i> on its <i>transmission network</i> to recover on a pass through basis the <i>annual system strength charge</i> for the <i>system strength connection point</i> determined by the relevant <i>System Strength Service Provider</i> ; and	See above
(2) explain how the charges referred to in paragraph (1) comply with the requirements of clause 6A.23.6 of the <i>National Electricity Rules</i> , including:	See above



Requirement	Directlink Compliance
(A) how the amount, structure and timing of the charges referred to in paragraph (1) replicates as far as reasonably practical the amount, structure and timing of the corresponding <i>system strength charge</i> billed to the <i>TNSP</i> by the <i>System Strength Service Provider</i> , and	See above
(B) an explanation of the reasons for any differences between the amount, structure and timing of the charges referred to in paragraph (1) and the amount, structure and timing of the corresponding <i>system strength charge</i> billed to the <i>TNSP</i> by the <i>System Strength Service Provider</i> ,	See above
(3) the requirements in paragraphs (1) and (2) do not apply to a <i>TNSP</i> :	See above
(A) in an adoptive jurisdiction; or	See above
(B) that can establish to the AER's satisfaction that it is unlikely to have any system strength connection points on its transmission network during the period over which the proposed pricing methodology will apply.	See above
(m) A statement of how the <i>pricing methodology</i> gives effect to and is consistent with, the pricing principles for <i>prescribed transmission services</i> including an explanation of how any alternative pricing structure which the <i>TNSP</i> wishes to apply meets the requirements of clause 6A.23.4(a)-(j) of the <i>National Electricity Rules</i> .	Included in the TransGrid <i>pricing methodology</i> .
(n) Details of any proposed transitional arrangements the <i>TNSP</i> considers necessary as a result of the implementation of its <i>pricing methodology</i>	Included in the TransGrid <i>pricing methodology</i> .
(o) Information relating to any prudent discounts for <i>prescribed transmission services</i> previously submitted to the <i>AER</i> or expected to be submitted to the <i>AER</i> within the next <i>regulatory control period</i> and how those discounts are proposed to be recovered from <i>Transmission Network Users</i> in accordance with rule 6A.26 of the <i>National Electricity Rules</i> .	Included in the TransGrid <i>pricing methodology</i> .
(p) Details of billing arrangements with Transmission Network Users and transfers between <i>TNSPs</i> conducted in accordance with rule 6A.27 of the <i>National Electricity Rules</i> .	Directlink bills TransGrid on a monthly basis in accordance with clause 6A.27 of the <i>Rules</i> .
(q) Details of the nature of prudential requirements as outlined in rule 6A.28 of the <i>National Electricity Rules</i> and how any capital contributions will be taken into account in determining a <i>Transmission Network Users'</i> prices for <i>prescribed transmission services</i> .	Included in the TransGrid <i>pricing methodology</i> . There are no prudential requirements or capital contributions in respect of Directlink.

Requirement	Directlink Compliance
(r) If a <i>TNSP</i> has, in accordance with section 2.5 of these <i>guidelines</i> , provided the <i>AER</i> with a confidential version of its proposed <i>pricing methodology</i> , the non-confidential version of the proposed <i>pricing methodology</i> must outline the area or areas where the <i>TNSP</i> is making a claim for confidentiality and why.	Directlink is not claiming confidentiality in respect of this proposed <i>pricing methodology</i> .
(s) Details of any derogation in accordance with chapter 9 of the <i>National Electricity Rules</i> .	There is no derogation in accordance with chapter 9 of the <i>National Electricity Rules</i> that applies to Directlink.
(t) Details of any transitional arrangements which apply in accordance with chapter 11 of the <i>National Electricity Rules</i> .	There are no transitional arrangements in accordance with chapter 11 of the <i>National Electricity Rules</i> that apply to Directlink.
(u) The period over which the proposed <i>pricing methodology</i> will apply, including the periods of the <i>regulatory control period</i> and the <i>system strength charging period</i> .	This proposed <i>pricing methodology</i> will apply for the proposed <i>regulatory control period</i> from 1 July 2025 to 30 June 2030. Directlink is not a <i>System Strength Service Provider</i> .
(v) A description of any differences between the current <i>pricing methodology</i> and that proposed for the next <i>regulatory control period</i> and <i>system strength charging period</i> .	Directlink has updated references to Part 6A.23 of the <i>National Electricity Rules</i> and to reflect the removal of 6A.18 the <i>National Electricity Rules</i> . Has also been updated for the <i>AER</i> 's pricing methodology guidelines issued on 25 August 2022.
(w) Details of how the <i>TNSP</i> intends to monitor and develop records of its compliance with its approved <i>pricing methodology</i> , the pricing principles for <i>prescribed transmission services</i> and more broadly part J of the <i>National Electricity Rules</i> .	Directlink will continue to maintain records of payments made by TransGrid for <i>prescribed transmission services</i> and reconcile these payments with the <i>AARR</i> . These details will continue to be included in the regulatory accounts submitted annually to the <i>AER</i> .

## 2.2. Permitted (locational) pricing structures

Requirement	Directlink Compliance
(a) Prices for the recovery of the locational component of prescribed TUOS services must be based on demand at times of greatest utilisation of the transmission network and for which network investment is most likely to be contemplated in accordance with clause 6A.23.4(b) of the <i>National Electricity Rules</i> .	Included in the TransGrid <i>pricing methodology</i> .
(b) The CRNP methodology and modified CRNP methodology outlined in S6A.3 of the <i>National Electricity Rules</i> provides guidance on the process for cost allocation for the locational component of prescribed TUOS services and results in a lump sum dollar amount to be recovered at each transmission connection point.	Included in the TransGrid <i>pricing methodology</i> .
(c) The following measures of demand may be applied to the lump sum dollar amount referred to in section 2.2(b) of	Included in the TransGrid <i>pricing methodology</i> .

Requirement	Directlink Compliance
these <i>guidelines</i> to derive the locational price at each transmission connection point:	
(1) The current contract agreed maximum demand (prevailing at the time transmission prices are published) as negotiated in a transmission customer's connection agreement or the transmission customer's maximum demand in the previous 12 months if the transmission customer has exceeded its current contract agreed maximum demand, expressed as \$/MW/day; or	See above.
(2) The average of the transmission customer's half-hourly maximum demand recorded at a connection point on the 10 weekdays when system demand was highest between the hours of 11:00 and 19:00 in the local time zone during the previous 12 months, expressed as \$/MW/day.	See above.
(d) A <i>TNSP</i> (or Co-ordinating Network Service Provider) may propose alternative pricing structures for the recovery of the locational component of prescribed TUOS services which it considers give effect to, and are consistent with the pricing principles for prescribed transmission services in the <i>National Electricity Rules</i> .	Directlink is not proposing alternative pricing structures for the recovery of the locational TUoS component.  This detail may be included in the TransGrid <i>pricing methodology</i> .
(e) If a <i>TNSP</i> (or Co-ordinating Network Service Provider) proposes an alternative pricing structure for the recovery of the locational component of prescribed TUOS services it must clearly demonstrate to the <i>AER</i> that the alternative pricing structure:	Directlink is not proposing alternative pricing structures for the recovery of the locational TUoS component.  This detail may be included in the TransGrid <i>pricing methodology</i> .
(1) gives effect to, and is consistent with the pricing principles for prescribed transmission services in the <i>National Electricity Rules</i> ;	See above.
(2) improves on the permitted pricing structures outlined in section 2.2(c) of these <i>guidelines</i> ; and	See above.
(3) contributes to the NEM objective.	See above.
(f) If historical data is unavailable for a connection point for use in either the allocation of costs to a connection point using the CRNP or modified CRNP methodology outlined in S6A.3 or the calculation of locational prices outlined in section 2.2(c) of these <i>guidelines</i> , an estimate of demand must be used instead.	Included in the TransGrid <i>pricing methodology</i> .
(g) The contract agreed maximum demand must only be used for the calculation of the locational component of prescribed TUOS services pricing structure if the transmission customer's connection agreement or other enforceable instrument governing the terms of connection of the transmission customer:	Included in the TransGrid <i>pricing methodology</i> .

Requirement	Directlink Compliance
(1) nominates a fixed maximum demand for the connection point; and	See above.
(2) specifies penalties for exceeding the contract agreed maximum demand.	See above.
(h) The locational TUOS price calculated in accordance with these <i>guidelines</i> must be applied to a measure of actual, forecast or contract demand to derive the locational charge.	Included in the TransGrid <i>pricing methodology</i> .

### 2.3. Permitted (postage stamp) pricing structures

Requirement	Directlink Compliance
(a) Prices for prescribed common transmission services and the recovery of the adjusted non-locational component of prescribed TUOS services are to be set on a postage stamp basis in accordance with clause 6A.23.4(e) and clause 6A.23.4(f) of the <i>National Electricity Rules</i> .	Included in the TransGrid <i>pricing methodology</i> .
(b) Permissible postage stamp pricing structures for either the non-locational component of prescribed TUOS services or prescribed common transmission services must be based on any one of the following:	Included in the TransGrid <i>pricing methodology</i> .
(1) either contract agreed maximum demand or historical energy;	See above.
(2) maximum demand; or	See above.
(3) an alternative pricing structure proposed by the <i>TNSP</i> .	See above.
(c) If a postage stamped structure is based on either contract agreed maximum demand or historical energy it must be calculated as follows:	Included in the TransGrid <i>pricing methodology</i> .
(1) Each financial year a <i>TNSP</i> (or Co-ordinating Network Service Provider) must determine the following two prices:	See above.
A. an energy based price that is a price per unit of historical metered energy or current metered energy at a connection point; and	See above.
B. a contract agreed maximum demand price that is a price per unit of contract agreed maximum demand at a connection point.	See above.
(2) Either the energy based price or the contract agreed maximum demand price applies at a connection point except for those connection points where a transmission customer has negotiated reduced charges for prescribed common transmission services	See above.

Requirement	Directlink Compliance
or the adjusted nonlocational component of prescribed TUOS services in accordance with clause 6A.26.1 of the <i>National Electricity Rules</i> .	
(3) The energy based price and the contract agreed maximum demand price referred to in section 2.3(c)(1) of these <i>guidelines</i> must be determined so that:	See above.
A. a transmission customer with a load factor in relation to its connection point equal to the median load factor for connection points with transmission customers connected to the transmission network in the region or regions is indifferent between the use of the energy based price and the contract agreed maximum demand price; and	See above.
B. the total amount to be recovered by prescribed common transmission services or the adjusted nonlocational component of prescribed TUOS services does not exceed the ASRR for each category of prescribed transmission service.	See above.
(4) The charge for either the prescribed common transmission service or the adjusted non locational component of prescribed TUOS services using the energy based price for a billing period in a financial year for each connection point must be calculated by:	See above.
A. multiplying the energy based price by the metered energy offtake at that connection point in the corresponding billing period two years earlier (i.e. historical metered energy offtake); or	See above.
B. multiplying the energy based price by the metered energy offtake at that connection point in the same billing period (current metered energy offtake) if the historical metered energy offtake is not available; or	See above.
C. multiplying the energy based price by the current metered energy offtake if the historical metered energy offtake is significantly different to the current metered energy offtake.	See above.
(5) The charge calculated for prescribed common transmission services or the adjusted non-locational component of prescribed TUOS services using the contract agreed maximum demand price for a billing period in a financial year for each connection point must be calculated by multiplying the contract agreed maximum demand price by the maximum demand for the connection point in that financial year and then dividing this amount by the number of billing periods in the financial year.	See above.

Requirement	Directlink Compliance
(6) The energy based price or the contract agreed maximum demand price that applies for prescribed common transmission services or the adjusted non-locational component of prescribed TUOS services must be the one which results in the lower estimated charge for that prescribed transmission service.	See above.
(7) A contract agreed maximum demand price must only be used for the calculation of the prescribed common transmission services charge or the adjusted nonlocational component of prescribed TUOS services charge if the transmission customer's connection agreement or other enforceable instrument governing the terms of connection of the transmission customer:	See above.
A. nominates a contract agreed maximum demand for the connection point; and	See above.
B. specifies penalties for exceeding the contract agreed maximum demand.	See above.
(d) If a postage stamped pricing structure is based on maximum demand it must be calculated as follows:	Directlink does not determine <i>postage stamp</i> based prices. This detail is included in the TransGrid <i>pricing methodology</i> .
(1) Each financial year a <i>TNSP</i> (or Co-ordinating Network Service Provider) must determine the maximum demand based price that is a price per unit of historical metered maximum demand or actual metered maximum demand measured at a connection point;	See above.
(2) The maximum demand based price applies at a connection point except for those connection points where a transmission customer has negotiated reduced charges for prescribed common transmission services or the adjusted non-locational component of prescribed TUOS services in accordance with clause 6A.26.1 of the <i>National Electricity Rules</i> .	See above.
(3) The charge for either the prescribed common transmission services or the adjusted non-locational component of prescribed TUOS services using the maximum demand based price for a billing period in a financial year for each connection point must be calculated by:	See above.
A. multiplying the maximum demand based price by the maximum demand at that connection point in the corresponding billing period two years earlier (i.e. historical metered maximum demand offtake); or	See above.

Requirement	Directlink Compliance
B. multiplying the maximum demand based price by the maximum demand at that connection point in the same billing period (current metered maximum demand offtake) if the historical maximum demand offtake is not available;	See above.
C. multiplying the maximum demand based price by the current metered maximum demand offtake if the historical metered maximum demand offtake is significantly different to the current metered maximum demand offtake.	See above.
(e) A TNSP (or Co-ordinating Network Service Provider) may propose alternative postage stamp pricing structures which it considers give effect to, and are consistent with the pricing principles for prescribed transmission services in the <i>National Electricity Rules</i> , in which case it must clearly demonstrate to the AER that the alternative pricing structure is least distortionary to transmission network users' behaviour and:	Directlink does not determine <i>postage stamp</i> based prices.  This detail is included in the TransGrid <i>pricing methodology</i> .
(1) gives effect to, and is consistent with the pricing principles for prescribed transmission services in the <i>National Electricity Rules</i> ;	See above.
(2) improves on the permitted pricing structures outlined in section 2.2(c) and (d) of these <i>guidelines</i> ; and	See above.
(3) contributes to the NEM objective.	See above.

#### 2.4. Attribution of transmission system assets to categories of prescribed transmission services

Requirement	Directlink Compliance
(a) The following sections outline the types of transmission system assets that are directly attributable to each category of prescribed transmission service.	Directlink's <i>transmission system assets</i> are all <i>directly attributable to prescribed transmission services</i> .
(1) The types of transmission system assets that are directly attributable to prescribed entry services are limited to:	See above
A. substation buildings, substation land and associated infrastructure (such as fences, earthing equipment etc);	See above.
B. switchgear and plant associated with generators' generating systems connection and generator transformers;	See above.
C. secondary systems associated with primary systems providing prescribed entry services;	See above.

Requirement	Directlink Compliance
D. transmission lines owned by <i>TNSPs</i> connecting generators' generating systems to the <i>TNSP's</i> transmission network; and	See above.
E. meters associated with prescribed entry services and owned by the <i>TNSP</i> .	See above.
(2) The types of transmission system assets that are directly attributable to prescribed exit services are limited to:	See above
A. substation buildings, substation land and associated infrastructure (such as fences, earthing equipment etc);	See above.
B. switchgear used to supply the sub-transmission voltage and associated switchgear at both the transmission and sub-transmission voltage level;	See above.
C. transformers which supply the sub-transmission voltage level and associated switchgear at both the transmission and sub-transmission voltage level;	See above.
D. secondary systems associated with primary systems providing prescribed exit services;	See above.
E. meters associated with prescribed exit services and owned by the <i>TNSP</i> ; and	See above.
F. reactive plant installed for power factor correction which provides benefit to transmission customers connected at the connection point.	See above.
(3) The types of transmission system assets that are directly attributable to prescribed TUOS services are limited to:	Directlink <i>transmission system</i> assets are all <i>directly attributable to prescribed TUoS services</i> .
A. substation buildings, substation land and associated infrastructure (such as fences, earthing equipment etc);	Directlink <i>transmission system</i> assets include substation buildings, land and the associated infrastructure located at Mullumbimby, Bungalora and Terranora.
B. transmission lines and associated easements;	Directlink <i>transmission system</i> assets include DC transmission cables between Mullumbimby and Bungalora and an AC transmission cable between Bungalora and Terranora.
C. switchgear on transmission lines and autotransformers which are part of the transmission network and are switched at the substation including associated bus work and control and protection schemes;	<p>Directlink <i>transmission system</i> assets include electronic switchgear that controls the DC transmission cable and transformers.</p> <p>This equipment and the associated bus work, control and protection systems is located at Mullumbimby, Bungalora and Terranora.</p>



Requirement	Directlink Compliance
D. auto-transformers which transform voltage between transmission levels;	Directlink <i>transmission system</i> assets include specially designed transformers that permit the conversion of AC to DC.
E. static and dynamic reactive plant and associated switchgear and transformation regardless of the voltage level; and	Directlink <i>transmission system</i> assets include static and dynamic reactive plant and associated electronic switchgear located at Mullumbimby, Bungalora and Terranora.
F. all system controls required for monitoring and control of the integrated transmission system including remote monitoring and associated communications, load shedding and special control schemes and voltage regulating plant required for operation of the integrated transmission system.	Directlink <i>transmission system</i> assets include system controls required for monitoring and control of the integrated <i>transmission system</i> . <i>This includes</i> remote monitoring and associated communications, <i>load shedding</i> and special control schemes and <i>voltage regulating plant</i> required for operation of the integrated <i>transmission system</i> at Mullumbimby, and Bungalora.
(4) The types of transmission system assets that are directly attributable to prescribed common transmission services are limited to:	Directlink has no <i>transmission system</i> assets that are <i>directly attributable</i> to <i>prescribed common transmission services</i> .
A. substation buildings, substation land and associated infrastructure (such as fences, earthing equipment etc);	See above.
B. power system communications networks;	See above.
C. control systems;	See above.
D. network switching centres (excluding generation and system control functions);	See above.
E. static and dynamic reactive control plant and associated switchgear;	See above.
F. spare plant and equipment including that installed at substations;	See above.
G. fixed assets such as buildings and land that are not associated with substation or line easements, (head office buildings, land for future substations etc.); and	See above.
H. motor vehicles and construction equipment.	See above.
(b) In its proposed pricing methodology, a <i>TNSP</i> may include additional types of transmission system assets that it considers are directly attributable to one or more category of prescribed transmission service.	Directlink does not seek to include additional types of <i>transmission system</i> assets to any category of <i>prescribed transmission services</i> .

Requirement	Directlink Compliance
(c) A <i>TNSP</i> must justify the inclusion of any additional types of transmission system assets referred to in section 2.4(b) of these <i>guidelines</i> and the <i>AER</i> will consider each when assessing the <i>TNSP</i> 's proposed pricing methodology.	Directlink does not seek to include additional types of <i>transmission system assets</i> to any category of <i>prescribed transmission services</i> .

### 2.5. Disclosure of information

Requirement	Directlink Compliance
(a) A <i>TNSP</i> should develop its proposed <i>pricing methodology</i> so that it can be publicly released by the <i>AER</i> .	Directlink has developed this proposed <i>pricing methodology</i> so that it can be publicly released by the <i>AER</i> .
(b) If a <i>TNSP</i> identifies information which it considers to be confidential or commercially sensitive and it considers that providing that information to the <i>AER</i> is necessary in order to demonstrate that its proposed <i>pricing methodology</i> complies with the <i>National Electricity Rules</i> , it should include that information in a confidential version of its proposed <i>pricing methodology</i> and provide it to the <i>AER</i> .	Directlink has not identified any confidential or commercially sensitive information in this proposed pricing methodology.
(c) The <i>AER</i> will not publicly disclose a confidential version of a proposed <i>pricing methodology</i> .	Noted.
(d) The <i>AER</i> considers that confidential or commercially sensitive information is likely to include details of, or information that could readily be used to infer an individual <i>transmission customer's</i> price or charge, premises, negotiated discounts, <i>prudential requirements</i> or other commercial arrangements relating to its electricity supply.	The information contained in Directlink's pricing proposal is not likely to include details of, or information that could readily be used to infer an individual <i>transmission customer's</i> price or charge, premises, negotiated discounts, <i>prudential requirements</i> or other commercial arrangements relating to its electricity supply.
(e) If a <i>TNSP</i> considers that other information should not be made publicly available, it must justify its claim for confidentiality to the <i>AER</i> .	Directlink is not claiming confidentiality for this proposed <i>pricing proposal</i> .
(f) If the <i>AER</i> disagrees with a <i>TNSP's</i> claim that information provided to it is of a confidential or commercially sensitive nature, the <i>AER</i> will:	See above.
(1) notify the <i>TNSP</i> of its view, and	See above.
(2) allow the <i>TNSP</i> to withdraw the information or rescind its claim for confidentiality.	See above.
(g) If information is withdrawn under 2.5(f) of these <i>guidelines</i> the <i>AER</i> will:	See above.
(1) not take the information into consideration when assessing the <i>TNSP's</i> proposed pricing methodology, and	See above.
(2) not publicly disclose that information.	See above.

## 2.6. *Inter-regional transmission charging arrangements*

Directlink is not the Co-ordinating Network Service Provider in NSW. As such, the requirements outlined in clauses 2.6 (a)-(g) do not apply to Directlink.

## 2.7. *Permitted system strength charging methodologies*

Directlink is not the System Strength Service Provider in NSW. As such, the requirements outlined in clauses 2.7 (a)-(b) do not apply to Directlink.

**2.8. *Principles for determining forecast annual system strength revenue and estimated actual annual system strength revenue***

Directlink is not the System Strength Service Provider in NSW. As such, the requirements outlined in clauses 2.8 (a)-(b) do not apply to Directlink.

### 3. Glossary

<b>AARR</b>	Aggregate Annual Revenue Requirement
<b>AER</b>	Australian Energy Regulator
<b>ASRR</b>	Annual Service Revenue Requirement
<b>CRNP</b>	cost reflective network pricing
<b>TNSP</b>	transmission network service provider
<b>TUOS</b>	transmission use of system

The AER has also adopted the following definitions in the pricing methodology guidelines.

<b>Appointing provider</b>	has the meaning ascribed to it in clause 6A.29.1(a) of the National Electricity Rules
<b>Contract agreed maximum demand</b>	means the agreed maximum demand negotiated between a TNSP and a transmission customer
<b>Current metered energy offtake</b>	means metered energy measured at a connection point in the current billing period
<b>Current metered maximum demand offtake</b>	means metered maximum demand measured at a connection point in the current billing period
<b>Directly attributable</b>	in relation to transmission assets refers to assets that are used or required to provide the relevant pricing category of prescribed transmission service
<b>Guidelines</b>	means the pricing methodology guidelines
<b>Historical metered energy offtake</b>	means metered energy measured at a connection point in the corresponding billing period two years earlier
<b>Historical metered maximum demand offtake</b>	means metered maximum demand measured at a connection point in the corresponding billing period two years earlier
<b>National Electricity Rules</b>	means the Rules as defined in the National Electricity Law.