

Explanatory statement

Proposed transmission pricing methodology guidelines and information collection:

Providing flexibility in the allocation of interconnector costs

April 2025

© Commonwealth of Australia 2025

This work is copyright. In addition to any use permitted under the *Copyright Act 1968* all material contained within this work is provided under a Creative Commons Attributions 4.0 Australia licence with the exception of:

- the Commonwealth Coat of Arms
- the ACCC and AER logos
- any illustration diagram, photograph or graphic over which the Australian Competition and Consumer Commission does not hold copyright but which may be part of or contained within this publication.

The details of the relevant licence conditions are available on the Creative Commons website as is the full legal code for the CC BY 4.0 AU licence.

Important notice

The information in this publication is for general guidance only. It does not constitute legal or other professional advice. You should seek legal advice or other professional advice in relation to your particular circumstances.

The AER has made every reasonable effort to provide current and accurate information, but it does not warrant or make any guarantees about the accuracy, currency or completeness of information in this publication.

Parties who wish to re-publish or otherwise use the information in this publication should check the information for currency and accuracy prior to publication.

Inquiries about this publication should be addressed to:

Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
Email: [AERpricing@aer.gov.au](mailto:AERpricing@ aer.gov.au)
Tel: 1300 585 165

AER reference: AER24010172

Amendment record

Version	Date	Pages
Version 1	1 April 2025	17

Invitation for submissions

The Australian Energy Regulator invites interested parties to make written submissions on the proposed amendments to the pricing methodology guidelines by close of business, 20 May 2025.

We prefer that all submissions sent in an electronic format are in Microsoft Word or other text readable document form. Submissions should be sent electronically to:

AERPricing@aer.gov.au

Alternatively, submissions can be sent to:

Mr Gavin Fox
General Manager, Network Pricing
Australian Energy Regulator
GPO Box 3131 Canberra ACT 2601

We prefer that all submissions be publicly available to facilitate an informed and transparent consultative process. Submissions will be treated as public documents unless otherwise requested. Parties wishing to submit confidential information are requested to:

- clearly identify the information that is the subject of the confidentiality claim.
- provide a non-confidential version of the submission in a form suitable for publication.

We will place all non-confidential submissions on our website. For further information regarding our use and disclosure of information provided to us, see the ACCC/AER Information Policy (June 2014), which is available on our website.

Please direct enquiries about this paper, or about lodging submissions to AERPricing@aer.gov.au or to the Network Pricing Branch of the AER on 1300 585 165.

Contents

Invitation for submissions	iii
1 Overview	1
1.1 Summary	1
1.2 Next Steps	2
1.3 Key questions for stakeholders	3
2 Background	4
2.1 The rule change request	4
2.2 Final rule and requirements for the AER	4
3 Proposed amendments to the AER's guidelines.....	7
3.1 Transmission pricing methodology guidelines	7
3.2 Transmission information guidelines	10
Glossary.....	13

1 Overview

On 3 October 2024, the Australian Energy Market Commission (AEMC) made the final rule for *Providing flexibility in the allocation of interconnector costs* (final rule).¹

The final rule does not alter the existing pathway for allocating interconnector² costs between jurisdictions.³ However, the final rule provides an alternative mechanism which enables implementation of an interconnector cost allocation agreement (allocation agreement) made between Ministers in respect of a new regulated interconnector.⁴

We are required by the final rule to review, and where considered necessary, amend and publish the pricing methodology guidelines and information guidelines, to take into account the final rule. We must undertake this review and make any amendments to reflect the final rule by 3 July 2025.

Where an allocation agreement is made in future, the relevant transmission network service providers (TNSP), including interconnectors and coordinating network service providers (CNSPs), must submit to us pricing methodologies amended to reflect the allocation agreement. We would then assess the amended pricing methodologies against the requirements of the National Electricity Rules (NER) (including the final rule) and our pricing methodology guidelines.

NOTE: In this explanatory statement, the ‘pricing methodology guidelines’ and ‘information guidelines’ apply only to electricity transmission networks regulated under Chapter 6A of the NER. This is consistent with the scope of our tasks under the final rule as described above.

1.1 Summary

Our draft view is that the pricing methodology guidelines need to be updated to:⁵

- set out the information we require to assess whether pricing methodologies are consistent with the requirements of the final rule.
- better reflect concepts and definitions that the final rule introduced or amended.

We do not consider the pricing methodology guidelines currently provide sufficient guidance to TNSPs, including interconnectors and CNSPs, on the information we would require to assess pricing methodologies against the requirements of the final rule. We consider that providing this guidance will facilitate the ability of TNSPs, including interconnectors and

¹ AEMC, *Final Determination: Flexibility in the allocation of interconnector costs*, 3 October 2024; <https://www.aemc.gov.au/rule-changes/providing-flexibility-allocation-interconnector-costs>

² The National Electricity Rules defines an interconnector as “[a] transmission line or group of transmission lines that connects the transmission networks in adjacent regions.”

³ In the Basslink conversion draft decision, we noted an interconnector can determine the allocation of its aggregate annual revenue requirement (AARR) between the interconnected regions. However, the National Electricity Rules does not empower the AER to approve such an allocation. See AER, Draft decision: Basslink conversion, 17 December 2024, p. 18.

⁴ AEMC, *Final Determination: Flexibility in the allocation of interconnector costs*, 3 October 2024, p. i.

⁵ The current pricing methodology guidelines are available on our website: <https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/pricing-methodology-guidelines-2014/final-decision>

CNSPs, to put forward pricing methodologies which reflect allocation agreements and meet the requirements of the final rule.

We also consider it necessary for us to update our information collection due to the final rule. This is because we do not currently collect information regarding the allocation of interconnector costs to jurisdictions. We consider collecting this information would enable us to monitor whether pricing methodologies are facilitating the intended cost allocation of an allocation agreement, where one is in place, and in relation to the inputs to regulated transmission prices more generally.

However, we consider it appropriate to collect this additional information through additional data requirements in the Annual Information Orders for TNSPs (the Orders⁶), rather than amending the Information Guidelines. We consider collecting this additional information through the Orders provides synergies with our general approach to collecting other transmission information through the Orders. Further, on 15 October 2024, the AER submitted a final rule request to amend the NER to remove the requirement on the AER to publish the Information Guidelines, and for TNSPs to report against them.⁷ On 30 January 2025, the AEMC published a consultation paper proposing to expedite the AER's rule change request on a non-controversial basis. The rule change is expected to be completed on this basis by 27 March 2025. The AER will monitor the progress of the rule change and consider stakeholder submissions on the matter when we make our final decision by 3 July 2025.

This explanatory statement sets out our considerations of whether it is necessary or desirable to amend the pricing methodology guidelines and the information guidelines to take into account the final rule.

Specifically, section 2 provides background on the final rule and its purpose. Section 2 also summarises the key changes to the NER introduced by the final rule, particularly the requirements for the AER.

Section 3.1 sets out the details of our proposed amendments to the pricing methodology guidelines, and reasons for these changes. Section 3.2 sets out our proposed approach to collecting information relevant to the final rule and the supporting reasons.

We are consulting on these proposed changes via this explanatory statement.

1.2 Next Steps

Table 1.1 sets out our next steps and process in finalising any changes required to the pricing methodology guidelines and associated information requirements.

⁶ We would need to amend the Orders in order to collect this information; AER final decision on the Annual Information Orders (5 April 2024); <https://www.aer.gov.au/industry/registers/resources/reviews/networks-information-requirements-review/final-decision>

⁷ <https://www.aemc.gov.au/rule-changes/removing-requirement-publish-transmission-information-guidelines>

Table 1.1 Consultation timeline

Date	Consultation milestone
1-Apr	AER publishes proposed pricing methodology guidelines and data requirements with explanatory statements.
20-May	Submissions on proposed pricing methodology guidelines and data requirements close.
3-Jul	AER to publish final pricing methodology guidelines and explanatory statement.

1.3 Key questions for stakeholders

As set out in section 3, we have specific questions for stakeholders in relation to the changes that we are proposing to make. In relation to the pricing methodology guidelines we have the following questions:

1. Has the AER considered all the amendments that need to be made to the pricing methodology guidelines in light of the final rule change? If not, are there any other proposed amendments which should be considered? If so, what are these proposed amendments?
2. Do stakeholders have any other comments, or suggestions, or improvements about the proposed amendments to the pricing methodology guidelines?

In relation to the proposed data requirements we are also interested to understand:

3. Do you consider the information proposed to be collected is appropriate? Please explain why you have this view. Is there any other information you consider we should be collecting? Please outline what this information is and your reasons for why it should be collected.
4. Do you agree with the AER collecting information related to the final rule through new data requirements in the Annual Information Orders (rather than through the information guidelines)? If not, please provide reasons, including an explanation of the method/instrument you consider is appropriate for this purpose.
5. Do stakeholders have any other comments, or suggestions, about the data requirements?

2 Background

2.1 The rule change request

As set out in the final rule determination, interconnectors are necessary to the interconnection and supply of energy between National Electricity Market (NEM) regions. As a result, interconnectors provide net benefits to consumers and are essential to the optimal development of the transmission system during the transition to net zero.⁸

The rule change was initiated in March 2024 to introduce greater flexibility in allocating costs for critical interconnectors across NEM regions. In particular, it was proposed in response to potential cost allocation issues limiting the ability of TNSPs and jurisdictions to progress interconnector projects which would have net benefits. These potential cost allocation issues included:⁹

- The existing rules were unclear or inapplicable for interconnectors spanning Commonwealth waters (for example, between Victoria and Tasmania).
- Cost recovery by an interconnector may result in a material bill impact to one or both jurisdictions and the relevant electricity consumers.
- Jurisdictional agreement and support may be required to address uncertainty and enable transmission projects with national significance to proceed.

Ministers proposed a new framework be included in the NER to address these issues.¹⁰ The proposed amendments were to give effect to inter-governmental agreements on interconnector cost allocation. Ministers considered this would provide an alternate path to the existing regulatory framework, where the existence of such allocation agreements was not contemplated.^{11, 12}

The Ministers reasoned that without the rule change, actionable Integrated System Plan (ISP) interconnector projects and their net market benefits to the NEM may go unrealised.¹³

2.2 Final rule and requirements for the AER

The AEMC made a final rule on 3 October 2024 following its consultation process. This provided a new pathway for implementing allocation agreements between jurisdictions

⁸ AEMC, *Final Determination - Flexibility in the allocation of interconnector costs*, 3 October 2024, p. 1.

⁹ AEMC, *Rule change request - providing flexibility in the allocation of interconnector costs*, October 2023, pp. 3-4; AEMC, *Final Determination - Flexibility in the allocation of interconnector costs*, 3 October 2024, p. 1.

¹⁰ The Honourable Chris Bowen MP, Minister for Climate Change and Energy, The Honourable Lily D'Ambrosio MP, Victorian Minister for Energy and Resources, and The Honourable Nick Duigan MLC, Tasmanian Minister for Energy and Renewables.

¹¹ AEMC, *Final Determination - Flexibility in the allocation of interconnector costs*, 3 October 2024, pp. 1 and 45.

¹² NER CI 6A.29.1; AEMC, *Rule change request - providing flexibility in the allocation of interconnector costs*, October 2023, pp. 3-4.

¹³ AEMC, *Final Determination - Flexibility in the allocation of interconnector costs*, 3 October 2024, p. 46.

without altering the existing framework for allocating interconnector costs.¹⁴ This rule will take effect from 3 July 2025.

2.2.1 Transitional requirements for the AER

Under the final rule we are required to give effect to the transitional arrangements it sets out. Specifically, we are required to review and, where we consider it necessary or desirable to take into account reflect the final rule, amend and publish:¹⁵

- the transmission pricing methodology guidelines
- the transmission information guidelines.

If we consider it necessary or desirable to amend one or both of these guidelines we must comply with the transmission consultation procedures in amending the guidelines.¹⁶

Under the final rule, we must complete our review and, if necessary, update the above guidelines by 3 July 2025.

This explanatory statement is a part of our process in meeting these transitional requirements.

2.2.2 Ongoing requirements for the AER

Under the final rule, there are ongoing requirements for us in the event an allocation agreement is made by Ministers. In this case, an allocation agreement would need to be submitted to the AER with an amended pricing methodology.

The final rule sets out the regulatory processes, including the timing, that will apply when we assess amended pricing methodologies. These processes depend on whether an amended pricing methodology and allocation agreement are submitted as part of a regulatory proposal or during a regulatory control period.¹⁷ If submitted as part of a regulatory proposal, the usual processes and timings for transmission determinations apply under chapter 6A. If submitted during a regulatory control period, we will only be required to approve amendments to existing pricing methodologies if:¹⁸

- an interconnector cost allocation agreement is made or amended, and
- the applicant is either the TNSP of the specified interconnector or a CNSP responsible for allocating an interconnector transfer amount¹⁹ under the agreement, and

¹⁴ AEMC, *Final Determination - Flexibility in the allocation of interconnector costs*, 3 October 2024, p. 1.

¹⁵ NER, cl. 11.175.2(a).

¹⁶ NER, cl. 6A.20 and 11.175.2(b).

¹⁷ NER, cll. 6A.10.1(j) and 6A.15.2 (not yet commenced); AEMC, *Final Determination - Flexibility in the allocation of interconnector costs*, 3 October 2024, p. 32.

¹⁸ NER, Cl 6A.15.2(a) (not yet commenced).

¹⁹ Chapter 10 of the NER defines the interconnector transfer amount (not yet commenced) as “[a]n amount specified in, or calculated in accordance with, an interconnector cost allocation agreement.” It facilitates the allocation of interconnector costs between regions as intended by the Ministers of those regions. The AEMC provides a number of examples in AEMC, *Final Determination - Flexibility in the allocation of interconnector costs*, 3 October 2024, pp. 66–70.

- we receive the application at least 9 months before the start of either a new allocation agreement or an amended allocation agreement, and
- the application includes a copy of the allocation agreement.

Before we make a decision to approve an amendment we will be required to consult with other TNSPs responsible for implementing the allocation agreement.²⁰

In either case, our role in approving TNSP pricing methodologies is limited to ensuring the pricing methodology gives effect to an allocation agreement and continues to comply with the requirements for a pricing methodology under Chapter 6A.²¹ The final rule also requires us to assess an allocation agreement against implementation criteria.²² The implementation criteria are defined in the final rule and will require allocation agreements to, amongst other things:²³

- Identify the qualifying interconnector that it relates to.
- Be binding and executed as a deed and not be subject to any unfulfilled conditions
- Specify the allocation of interconnector costs to each jurisdiction or the manner in which those amounts will be calculated.
- Specify the timeframe over which the agreed allocation would exist, and
- Include all parties to the agreement, specifically each relevant Minister for each region interconnected by the specified interconnector and the Minister for other regions whose CNSP will be responsible for allocating interconnector costs under the agreement.

The AER is not responsible for assessing the merits of allocation agreements. The AEMC considered jurisdictions were well placed and motivated to assess whether allocation agreements serve the interests of the consumers in their jurisdictions.²⁴

²⁰ NER, CI 6A.15.2(e) (not yet commenced).

²¹ AEMC, *Final Determination - Flexibility in the allocation of interconnector costs*, 3 October 2024, p. 32.

²² AEMC, *Final Determination - Flexibility in the allocation of interconnector costs*, 3 October 2024, p. 31.

²³ NER, CI 6A.29.4(b) (not yet commenced).

²⁴ AEMC, *Final Determination - Flexibility in the allocation of interconnector costs*, 3 October 2024, p. 31.

3 Proposed amendments to the AER's guidelines

We are required by the final rule to review and, where we consider it necessary or desirable, to take into account the final rule, amend and publish our transmission pricing methodology guidelines and transmission information guidelines. We set out below the proposed changes we consider necessary to take account of the new requirements for TNSPs, interconnectors and CNSPs that will come into effect if an allocation agreement is entered into.

3.1 Transmission pricing methodology guidelines

Below we outline the main proposed amendments to the transmission pricing methodology guidelines and our reasons for these amendments. These largely relate to proposed changes to the information requirements associated with a proposed pricing methodology. We consider that where allocation agreements are in place these changes will:

- ensure compliance with the requirements in the final rule
- assist TNSPs, including interconnectors and CNSPs, in their preparation of proposed pricing methodologies
- provide transparency to us and stakeholders and assist our assessment of proposed pricing methodologies.

We have numbered each proposed amendment, which we invite stakeholders to refer to in any submissions they provide.

Our proposed pricing methodology guidelines have amendments reflecting the final rule marked up. Sections 3.1.1 to 3.1.3 set out our reasons for the substantive amendments in the proposed pricing methodology guidelines. All other amendments are non-substantive (either editorial amendments or updates to NER references due to the final rule).

3.1.1 The new definition of total regional AARR

We propose to update paragraphs 2.1(b), (c) and (e)²⁵ to reflect the new definition of total regional aggregate annual revenue requirement (total regional AARR), which will apply to CNSPs.

Our proposed amendments recognise that, under the final rule, a CNSP will be responsible for allocating the total regional aggregate annual revenue requirement (total regional AARR) for its region to services. The total regional AARR is a new concept from the final rule and refers to all those amounts a CNSP will be required to allocate for its region (to ultimately determine prices for prescribed transmission services for that region). It will include the AARR of the CNSP, as well as the regional AARRs of each other TNSP in the region, the

²⁵ This is paragraph 2.1(d) in the current pricing methodology guidelines. This has been renumbered to 2.1(e) due to the inclusion of a new paragraph 2.1(d) as we discuss in section 3.1.2.

interconnector transfer amounts as specified under an allocation agreement, and any other allocation of AARR agreed by CNSPs under clause 6A.29.3.²⁶

The AEMC introduced the term “total regional AARR” to distinguish between the AARR for an individual TNSP and the total AARR that a CNSP needs to allocate for an entire region.²⁷ Our amendments to paragraphs 2.1(b), (c) and (e) reflect this distinction.

We also removed the reference to “an appointing provider” in paragraph 2.1(b) because the final rule removed the concept of “appointing providers” from Chapter 6A of the NER.²⁸

We consider these changes are consistent with the requirements of the final rule under clauses 6A.29.1 and 6A.29.2(a).

3.1.2 Details on deriving total regional AARR

Following on from our amendments to paragraph 2.1(b), we propose to add paragraph 2.1(d) to reflect amendments in the final rule regarding the responsibilities of CNSPs.²⁹

We propose to require CNSPs to detail how they determine the total regional AARR, including how any interconnector transfer amount will be calculated and incorporated into the total regional AARR. Further, we propose that hypothetical examples be provided of how the total regional AARR will be derived, across all components, to provide us, and other stakeholders, transparency around how these calculations will be operationalised under the pricing methodology. We consider this will assist in the CNSP’s preparation of the proposed pricing methodology and our assessment.

We are proposing these changes consistent with the requirements of the final rule under clause 6A.22.5.

Following from this, we propose to remove paragraph 2.6(a) of the current pricing methodology guidelines³⁰ as it duplicates the requirements in paragraph 2.1(d) of the proposed pricing methodology guidelines.

3.1.3 New section on requirements relating to allocation agreements

We also propose to add section 2.9 to the pricing methodology guidelines to reflect the requirements that will apply under the final rule when allocation agreements are entered into. These are proposed for both circumstances where an allocation agreement names a TNSP as the TNSP for a specified interconnector and where a TNSP is the CNSP for the relevant region. We consider adding these requirements to the pricing methodology guidelines will clearly draw together the additional information required from TNSPs in preparing pricing methodologies when an allocation agreement is in place. This should also assist in our

²⁶ NER, cl. 6A.22.5 and 6A.29.2(a)(1) (not yet commenced) and chapter 10; AEMC, *Final Determination - Flexibility in the allocation of interconnector costs*, 3 October 2024, p. 57.

²⁷ AEMC, *Final Determination - Flexibility in the allocation of interconnector costs*, 3 October 2024, p. v.

²⁸ AEMC, *Final Determination - Flexibility in the allocation of interconnector costs*, 3 October 2024, p. 59.

²⁹ NER, cl. 6A.22.5 (not yet commenced).

³⁰ AER, *Pricing methodology guidelines*, 25 August 2022.

assessment of the proposed pricing methodologies. We propose to address these new requirements in a single section (2.9) for clarity.

We propose that the TNSP named as the TNSP for a specified interconnector under the allocation agreement will need to ensure that its proposed pricing methodology:

- is accompanied with a copy of the allocation agreement³¹
- shows how the allocation agreement satisfies the implementation criteria in clause 6A.29.4(b)³²
- shows how it provides for the recovery from the appropriate region of interconnector transfer amounts³³
- explains how the interconnector transfer amount will be determined for each implementation year, with hypothetical examples of the calculations and allocations³⁴
- explains how the interconnector transfer amount will affect the total regional AARR for the regions specified in the interconnector cost allocation agreement³⁵
- explains how the TNSP will avoid double counting and other distortions with hypothetical examples.³⁶

Further, we propose the TNSP appointed as a CNSP for the relevant region will need to ensure that the pricing methodology:

- includes the timetable for providing all information required to implement any such agreement³⁷
- undertakes to publish details of interconnector transfer amounts that are to be allocated by the CNSP for the following financial year on its website by 15 March each year³⁸
- explains how the CNSP will avoid double counting and other distortions.³⁹

Questions on the proposed changes to the transmission pricing methodology guidelines

1. Has the AER considered and included all the amendments that need to be made to the pricing methodology guidelines in light of the final rule change? If not, are there

³¹ NER, CI 6A.10.1(j) (not yet commenced).

³² NER, CI 6A.14.3(f1) (not yet commenced).

³³ NER, CI 6A.24.1(b2)(1) (not yet commenced).

³⁴ NER, CI 6A.29.4(d)(1) (not yet commenced).

³⁵ NER, CI 6A.24.1(b2) and 6A.29.1A(b) (not yet commenced).

³⁶ NER, CI 6A.29.4(h) (not yet commenced).

³⁷ This requirement would provide TNSPs who are not CNSPs greater clarity on the timelines on the provision of information to CNSPs as required under NER, CI 6A.29.1A(c) (not yet commenced). This would in turn better enable CNSPs to perform its roles under chapter 6A of the NER.

³⁸ NER, CI 6A.24.2(b)(2) (not yet commenced).

³⁹ NER, CI 6A.29.4(g) and (i) (not yet commenced).

any other proposed amendments which should be considered? If so, what are these proposed amendments?

2. Do stakeholders have any other comments, suggestions, or improvements about the proposed amendments to the pricing methodology guidelines?

3.2 Transmission information guidelines

We propose to collect information related to the final rule. However, rather than amending the transmission information guidelines to do this, we are proposing an alternative approach which we consider provides synergies with our general approach to collecting other transmission information. Specifically, we are proposing to collect the information set out below through the Annual Information Orders (the Orders) for TNSPs⁴⁰.

Starting from the 2026–27 regulatory year, we propose to incorporate the information described below and included in the data requirement templates⁴¹ published with this explanatory statement into the Orders. This is the first year any allocation agreement could be incorporated into transmission prices. The proposed information we consider there is benefit in collecting annually is:

- For the TNSP for a specified interconnector:
 - The title of the allocation agreement.
 - The specific details of the revenue amounts allocated to each relevant region in a given financial year as required by the allocation agreement.
 - In relation to the revenue amounts allocated to each region each financial year, how these were calculated for each region, the sum of which is to be checked against interconnectors' AARR for the given financial year.
- For CNSPs the calculated total regional AARR for a given financial year and the name of and revenue allocations from each contributing TNSP. This includes the revenue amounts from interconnectors that are allocated to the CNSP's region, and any interconnector transfer amounts.
 - We may consult further with the CNSPs to further refine these information templates to ensure our final decision is fit-for-purpose.

Proposed data requirements

We propose to collect the above information (by exercising our powers under section 28F of the National Electricity Law (NEL)) to monitor compliance by CNSPs and TNSPs with their network revenue determinations. In particular, we consider the new data requirements would enable us to monitor whether pricing methodologies are facilitating the intended cost

⁴⁰ AER final decision on the Annual Information Orders (5 April 2024); <https://www.aer.gov.au/industry/registers/resources/reviews/networks-information-requirements-review/final-decision>

⁴¹ AER, Annual order templates - Interconnector cost allocation rule change, 1 April 2025.

allocation of an allocation agreement, where one is in place. We propose to collect the above information through new data requirements in the Orders for TNSPs⁴².

We will formally consult (under clause 8.7.3 of the NER as required by section 28H of the NEL) on the data requirements as part of the consultation process on the Orders ahead of the 2026–27 regulatory year. However, this current consultation on the data requirements⁴³ will inform the proposed updates to the Orders, and is consistent with existing AER processes for including new information requirements in the Orders. We consider consulting on the data requirements alongside the proposed pricing methodology guidelines is optimal and synergistic given they are both implementing the intention of the same rule (the final rule). Consulting on the data requirements now would also reduce the overall consultation burden during our formal consultation period for the Orders, which may require changes to the other types of data we currently collect.

We consider the information we propose to collect is distinct from previous transmission information collected by the AER, incorporating both the new requirements of the final rule⁴⁴ and supporting principles of good regulatory practice and transparency.⁴⁵

Proposed use of the Orders

We consider this approach is consistent with the AER's initiatives to use the Orders to more broadly collect information from the TNSPs, rather than the Information Guidelines.

In this regard, on 15 October 2024, the AER submitted a final rule request to amend the NER to remove the requirement on the AER to publish the Information Guidelines, and for TNSPs to report against them.⁴⁶ The request seeks to address an issue identified by the AER, that the requirement for the AER to publish the Information Guidelines results in a duplicate information reporting burden on TNSPs. This is because TNSPs and regulated interconnectors will soon be required to provide the AER with the same information under both the Information Guidelines and the Orders.

On 30 January 2025, the AEMC published a consultation paper proposing to expedite the AER's rule change request on a non-controversial basis. The rule change is expected to be completed by 27 March 2025. The AER will monitor the progress of the rule change and consider stakeholder submissions on the matter when we make our final decision by 3 July 2025.

⁴² AER final decision on the Annual Information Orders (5 April 2024); <https://www.aer.gov.au/industry/registers/resources/reviews/networks-information-requirements-review/final-decision>

⁴³ AER, Annual order templates - Interconnector cost allocation rule change, 1 April 2025.

⁴⁴ The AEMC's final determination highlighted the potential for double counting to occur if an interconnector's TNSP received both payments from CNSP(s) as well as transmission prices in its own region (AEMC final determination, p 38, 4.4.3). The information considered in the templates (AER, Annual order templates - Interconnector cost allocation rule change, 1 April 2025) will provide us with the mechanisms to monitor if and how adjustments have been made (in reference to cl 6A.29.4(h)) - to be assessed against pricing methodologies and interconnector agreements.

⁴⁵ In alignment with the AEMC's considerations that the final rule is in the long-term interests of consumers (AEMC final determination, p ii).

⁴⁶ <https://www.aemc.gov.au/rule-changes/removing-requirement-publish-transmission-information-guidelines>

Our process to develop the Orders involved an assessment of existing information requirements, removal of redundant reporting requirements, and integration of new information requirements. We expect the Orders to deliver a range of benefits including improved data quality; streamlined information requirements; more efficient information collection and management for both the AER and regulated networks; and better information sharing by the AER with all stakeholders. We consider adding the further information we now propose to collect under the final rule in this manner will consolidate these benefits.

Questions on data requirements

- 3) Do you consider the information proposed to be collected is appropriate? Please explain why you have this view. Is there any other information you consider we should be collecting? Please outline what this information is and your reasons for why it should be collected.
- 4) Do you agree with us collecting information related to the final rule through new data requirements in the Annual Information Orders (rather than through the Information Guidelines)? If not, please provide reasons, including an explanation of the method/instrument you consider is appropriate for this purpose.
- 5) Do stakeholders have any other comments, or suggestions, about the data requirements?

Glossary

Term	Definition
AARR	Aggregate annual revenue requirement
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
ASRR	Annual service revenue requirement
CNSP	Co-ordinating Network Service Provider
ISP	Integrated system plan
Total regional AARR	Total regional aggregate annual revenue requirement
TNSP	Transmission network service provider
TUOS	Transmission use of system
