

Final Decision

Directlink Electricity Transmission Determination 2025 to 2030 (1 July 2025 to 30 June 2030)

Attachment 1 Maximum allowed revenue

April 2025

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1	30 April 2025	14

List of attachments

This attachment forms part of the Australian Energy Regulator's (AER's) final decision on the transmission determination that will apply to Directlink for the 2025–30 period. It should be read with all other parts of the final decision.

As a number of issues were settled at the draft decision stage or required only minor updates, we have not prepared all attachments. Where an attachment has not been prepared, our draft decision reasons form part of this final decision. The final decision attachments have been numbered consistently with the equivalent attachments to our draft decision.

The final decision includes the following attachments:

Overview

Attachment 1 – Maximum allowed revenue

Attachment 2 – Regulatory asset base

Attachment 4 – Regulatory depreciation

Attachment 5 – Capital expenditure

Attachment 6 – Operating expenditure

Attachment 7 – Corporate income tax

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1 Maximum allowed revenue

This attachment sets out our final decision on Directlink’s maximum allowed revenue (MAR) for the provision of prescribed transmission services over the 2025–30 regulatory control period (period). Specifically, we set out our final decision on:¹

- the estimated total revenue cap, which is the sum of the annual expected MAR
- the annual building block revenue requirement
- the annual expected MAR
- the X factor.

We determine Directlink’s annual building block revenue requirement using a building block approach. We determine the X factors by smoothing the annual building block revenue requirement over the regulatory control period. The X factor is used in the CPI–X methodology to determine the annual expected MAR (smoothed).

1.1 Final decision

We determine a total annual building block revenue requirement of \$127.1 million (\$ nominal, unsmoothed) for Directlink for the 2025–30 period. Our determination represents a reduction of \$0.7 million (\$ nominal) (0.6%) to Directlink’s revised proposal. This reduction is largely driven by our final decision on the return on capital and regulatory depreciation building blocks, which are \$0.7 million and \$0.3 million lower than Directlink’s revised proposal respectively:

- The lower return on capital is driven primarily by a lower opening RAB as at 1 July 2025 and a lower forecast capital expenditure (capex) determined in the final decision. This reduction is partly offset by the higher rate of return determined in the final decision.
- The lower regulatory depreciation is driven primarily by the reduction to forecast capex, which reduced the forecast straight-line depreciation amount. This reduction is partly offset by a lower expected inflation. Regulatory depreciation is straight-line depreciation net of the inflation indexation on the opening RAB. A lower expected inflation rate reduces the inflation indexation amount deducted from the straight-line depreciation.

The reduction in the total annual building block revenue requirement is partly offset by an increase of \$0.3 million (12.0%) in the cost of corporate income tax building block. This is driven by a lower tax depreciation amount due to the reduction to forecast capex. Tax depreciation is a component of tax expense. A lower tax depreciation increases the estimated taxable income for Directlink and thereby increasing the estimated cost of corporate income tax.

We determine the annual expected MAR and X factor for each regulatory year of the 2025–30 period by smoothing the annual building block revenue requirement. Our final decision is to approve an estimated total revenue cap of \$127.5 million (\$ nominal) for Directlink for the

¹ NER, cll. 6A.4.2(a) (1)–(3), 6A.5.3(c), 6A.5.4 and 6A.6.8.

2025–30 period. Our approved X factor commencing in 2026–27 is –4.57% per annum for each regulatory year of the 2025–30 period.²

Table 1.1 sets out our final decision on Directlink’s annual building block revenue requirement, the X factor, the annual expected MAR and the estimated total revenue cap for the 2025–30 period.

Table 1.1 AER’s final decision on Directlink’s annual building block revenue requirement, annual expected MAR, estimated total revenue cap and X factor (\$ million, nominal)

	2025–26	2026–27	2027–28	2028–29	2029–30	Total
Return on capital	9.8	10.3	10.1	10.0	9.8	49.9
Regulatory Depreciation ^a	5.7	6.4	7.1	7.7	8.3	35.2
Operating Expenditure ^b	6.8	7.1	7.4	7.8	8.0	37.1
Revenue Adjustments ^c	0.4	–0.1	–0.3	0.2	1.6	1.7
Cost of corporate income tax	0.6	0.6	0.6	0.7	0.8	3.2
Annual building block revenue requirement (unsmoothed)	23.2	24.2	24.9	26.4	28.4	127.1
Annual expected MAR (smoothed)	22.0	23.6	25.4	27.2	29.3	127.5 ^d
X factor ^e	n/a ^f	–4.57%	–4.57%	–4.57%	–4.57%	n/a

Source: AER analysis.

- (a) Regulatory depreciation is straight-line depreciation net of the inflation indexation on the opening regulatory asset base (RAB).
- (b) Includes debt raising costs.
- (c) Includes revenue adjustments from the efficiency benefit sharing scheme (EBSS) and the capital expenditure sharing scheme (CESS).
- (d) The estimated total revenue cap is equal to the total annual expected MAR.
- (e) The X factors will be revised to reflect the annual return on debt update. Under the CPI–X framework, the X factor measures the real rate of change in annual expected revenue from one year to the next. A negative X factor represents a real increase in revenue. Conversely, a positive X factor represents a real decrease in revenue.
- (f) Directlink is not required to apply an X factor for 2025–26 because we set the 2025–26 MAR in this decision. The MAR for 2025–26 is around 26.7% higher than the MAR for 2024–25 in real terms, or 30.2% higher in nominal terms.

1.2 Directlink’s revised proposal

Directlink’s revised proposal included a total (smoothed) revenue cap of \$127.8 million (\$ nominal) for the 2025–30 period. Table 1.2 sets out Directlink’s revised proposed annual

² Directlink is not required to apply an X factor for 2025–26 because we set the 2025–26 MAR in this decision.

building block revenue requirement, the X factor, the annual expected MAR and the estimated total revenue cap.

Table 1.2 Directlink’s revised proposed annual building block revenue requirement, annual expected MAR, estimated total revenue cap and X factor (\$ million, nominal)

	2025–26	2026–27	2027–28	2028–29	2029–30	Total
Return on capital	9.7	10.2	10.3	10.2	10.2	50.7
Regulatory Depreciation ^a	5.5	6.3	7.1	7.9	8.6	35.5
Operating Expenditure ^b	6.8	7.2	7.4	7.8	8.0	37.2
Revenue Adjustments ^c	0.4	–0.1	–0.3	0.2	1.6	1.7
Cost of corporate income tax	0.5	0.5	0.6	0.6	0.7	2.9
Annual building block revenue requirement (unsmoothed)	22.9	24.1	25.0	26.7	29.2	127.9
Annual expected MAR (smoothed)	22.9	24.1	25.5	26.9	28.4	127.8^d
X factor ^e	n/a ^f	–2.67%	–2.67%	–2.67%	–2.67%	n/a

Source: Directlink, 2026-30 Revised Revenue Proposal, Directlink - Attachment 05 - PTRM - 021224 - Public, December 2024.

- (a) Regulatory depreciation is straight-line depreciation net of the inflation indexation on the opening RAB.
- (b) Includes debt raising costs.
- (c) Includes revenue adjustments from efficiency benefit sharing scheme (EBSS) and the capital expenditure sharing scheme (CESS).
- (d) The estimated total revenue cap is equal to the total annual expected MAR.
- (e) The X factors will be revised to reflect the annual return on debt update. Under the CPI–X framework, the X factor measures the real rate of change in annual expected revenue from one year to the next. A negative X factor represents a real increase in revenue. Conversely, a positive X factor represents a real decrease in revenue.
- (f) Directlink is not required to apply an X factor for 2025–26 because we set the 2025–26 MAR in this decision.

1.3 Assessment approach

We did not change the building block approach we use to determine the expected revenue from our draft decision. Attachment 1 (section 1.3) of our draft decision details that approach.³

1.3.1 Annual revenue adjustment process

We use an expected inflation rate in our post-tax revenue model (PTRM) to calculate the expected MAR (as shown in Table 1.1). The calculation of the actual MAR will therefore require an adjustment for actual inflation. To this end, the actual MAR from the second year onwards is adjusted for actual inflation. As discussed in the *Rate of return instrument*, the

³ AER, *Draft Decision: Directlink transmission determination 2025–30 – Attachment 1 – Annual revenue requirement*, December 2024, pp. 3–8.

MAR is also subject to adjustment to reflect our update of Directlink’s return on debt annually.⁴ This means the actual MAR from the second year onwards will also be adjusted for revised X factors after the annual return on debt update. This annual revenue adjustment process is set out below.

To enable the formula for the annual revenue adjustment process to operate correctly, we will refer to the expected MAR determined in this decision using the building block costs as the allowed revenue (AR). This is because the expected MAR determined using the building block costs does not incorporate performance incentive scheme revenue adjustments and pass through amounts that may apply to each regulatory year.

We determined the 2025–26 AR of \$22.0 million for Directlink. Directlink then applies an annual adjustment to determine its AR for each subsequent year of the 2025–30 period, based on the previous year’s AR and using the CPI–X methodology.⁵ That is, the subsequent year’s AR is determined by adjusting the previous year’s AR for actual inflation and the X factor determined after the annual return on debt update:

$$AR_t = AR_{t-1} \times (1 + \Delta CPI) \times (1 - X_t)$$

where:

AR = the allowed revenue

t = time period/financial year (for $t = 2$ (2026–27), 3 (2027–28), 4 (2028–29), 5 (2029–30))

ΔCPI = the annual percentage change in the Australian Bureau of Statistics’ (ABS) consumer price index (CPI) all groups, weighted average of eight capital cities from December in year $t - 2$ to December in year $t - 1$

X = the smoothing factor determined in accordance with the PTRM as approved in the AER’s final decision, and annually revised for the return on debt update in accordance with the formula specified in the Rate of return instrument calculated for the relevant year.⁶

The MAR used for transmission pricing is determined annually as part of the annual revenue adjustment process in accordance with the National Electricity Rules (NER). The MAR is determined each year by adding to (or deducting from) the allowed revenue:

⁴ AER, *Rate of return instrument (Version 1.2)*, March 2024.

⁵ In the case of making the annual adjustment for year 2, the previous year’s AR would be the same as the approved expected MAR for year 1 as contained in the PTRM.

⁶ AER, *Rate of return instrument (Version 1.2)*, March 2024.

- the service target performance incentive scheme revenue increment (or revenue decrement)⁷
- any approved pass through amounts.⁸

The annual MAR is established according to the following formula:

$$\begin{aligned} \text{MAR}_t &= (\text{allowed revenue}) + (\text{performance incentive}) + (\text{pass through}) \\ &= \text{AR}_t + ((\text{AR}_{t-2} \times \frac{1}{2}) + (\text{AR}_{t-1} \times \frac{1}{2})) \times S_{ct} + P_t \end{aligned}$$

where:

MAR	=	the maximum allowed revenue
AR	=	the allowed revenue
S	=	the revenue increment or decrement determined in accordance with the service target performance incentive scheme
P	=	the pass through amount (positive or negative) that the AER has determined in accordance with clauses 6A.7.2 and 6A.7.3 of the NER
<i>t</i>	=	time period/financial year (for <i>t</i> = 2 (2026–27), 3 (2027–28), 4 (2028–29), 5 (2029–30))
<i>ct</i>	=	time period/calendar year (for <i>t</i> = 2 (2025), 3 (2026), 4 (2027), 5 (2028)).

Directlink may also adjust the MAR for under or over-recovery amounts.⁹ That is, if the revenue amounts earned from providing prescribed transmission services in previous regulatory years are higher or lower than the sum of the approved MAR for those years, the difference can be included in the subsequent year's MAR. In the case of an under-recovery, the amount is added to the subsequent year's MAR. In the case of an over-recovery, the amount is subtracted from the subsequent year's MAR.

Table 1.3 sets out the timing of the annual calculation of the AR and performance incentive.

⁷ NER, cl. 6A.7.4.

⁸ NER, cll. 6A.7.2 and 6A.7.3.

⁹ NER, cl. 6A.23.3(e)(5).

Table 1.3 Timing of the calculation of allowed revenues and the performance incentive for Directlink

<i>t</i>	Allowed revenue (financial year)	<i>ct</i>	Performance incentive (calendar year)
2	1 July 2026 – 30 June 2027	2	1 January 2025 – 31 December 2025
3	1 July 2027 – 30 June 2028	3	1 January 2026 – 31 December 2026
4	1 July 2028 – 30 June 2029	4	1 January 2027 – 31 December 2027
5	1 July 2029 – 30 June 2030	5	1 January 2028 – 31 December 2028

Note: The performance incentive for the period 1 January 2024 to 31 December 2024 is to be applied to the AR determined for 2025–26 (AR₁).

1.4 Reasons for final decision

For this final decision, we determine a total annual building block revenue requirement of \$127.1 million (\$ nominal) for Directlink for the 2025–30 period. This is a reduction of \$0.7 million (\$ nominal) (0.6%) to Directlink's revised proposed total annual building block revenue requirement of \$127.9 million (\$ nominal) for this period. This reduction reflects the impact of our final decision on the various building block costs.

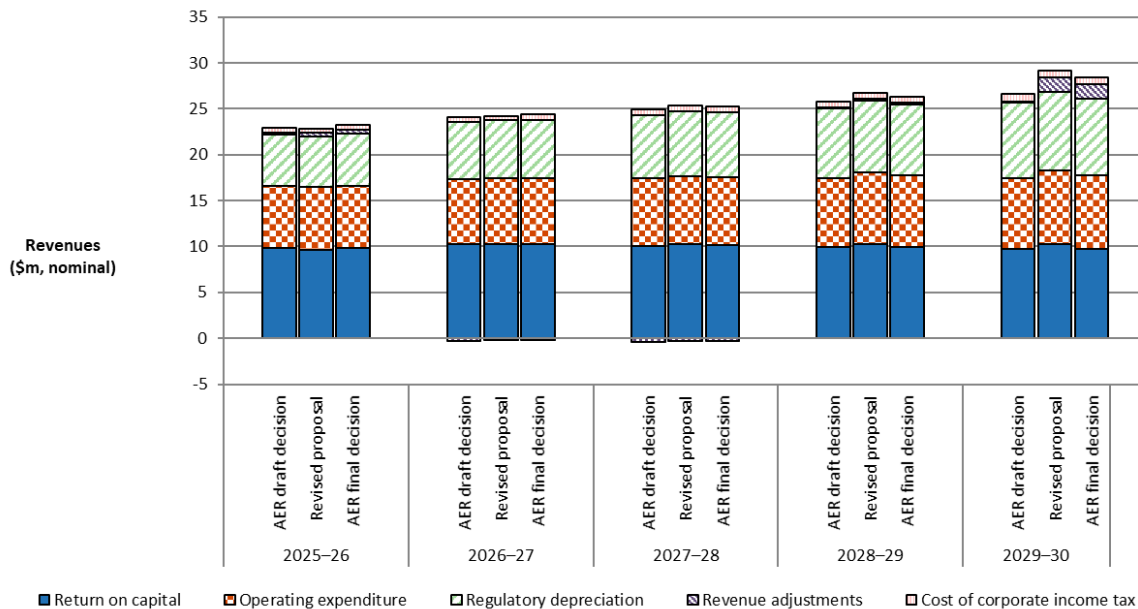
Figure 1.1 shows the building block components from our final determination that make up the annual building block revenue requirement for Directlink, and the corresponding components from its revised proposal and our final decision. The changes we made to Directlink's revised proposal (\$ nominal) include:

- a reduction in the return on capital of \$0.7 million (1.4%) (Attachment 2, and sections 2.2 and 2.4 of the Overview). This is driven primarily by a lower opening RAB as at 1 July 2025 and a lower forecast capex determined in the final decision. This reduction is partly offset by the higher rate of return determined in the final decision.
- a reduction in the regulatory depreciation of \$0.3 million (0.7%) (Attachment 4). This is driven primarily by the lower forecast capex, which reduced the forecast straight-line depreciation amount. This reduction is partly offset by the lower expected inflation, which reduced the indexation adjustment to regulatory depreciation.¹⁰
- a reduction in forecast operating expenditure (opex) of \$0.1 million (0.2%). This is because our final decision applied a lower expected inflation rate compared to the revised proposal. Our final decision has accepted Directlink's revised proposed total opex in real 2024–25 dollar terms (section 2.5 of the Overview).
- a reduction in revenue adjustments of \$3,497 (0.2%). This is because our final decision applied a lower expected inflation rate compared to the revised proposal. Our final decision has accepted Directlink's revised proposed revenue adjustments in real 2024–25 dollar terms (section 2.8 of the Overview).
- an increase in the cost of corporate income tax of \$0.3 million (12.0%) (Attachment 7). This is due to our final decision on a lower tax depreciation amount, driven by the

¹⁰ Regulatory depreciation is straight-line depreciation net of the inflation indexation on the opening RAB. A lower indexation amount increases the regulatory depreciation, all else being equal.

reduction to forecast capex. Tax depreciation is a component of tax expense. A lower tax depreciation increases the estimated taxable income for Directlink and thereby increasing the estimated cost of corporate income tax.

Figure 1.1 AER's draft and final decisions, and Directlink's revised proposed annual building block revenue requirement (\$ million, nominal)



Source: AER analysis; Directlink, *2026-30 Revised Revenue Proposal, Directlink - Attachment 05 - PTRM - 021224 - Public*, December 2024.

Note: Revenue adjustments include EBSS and CESS. Opex includes debt raising costs.

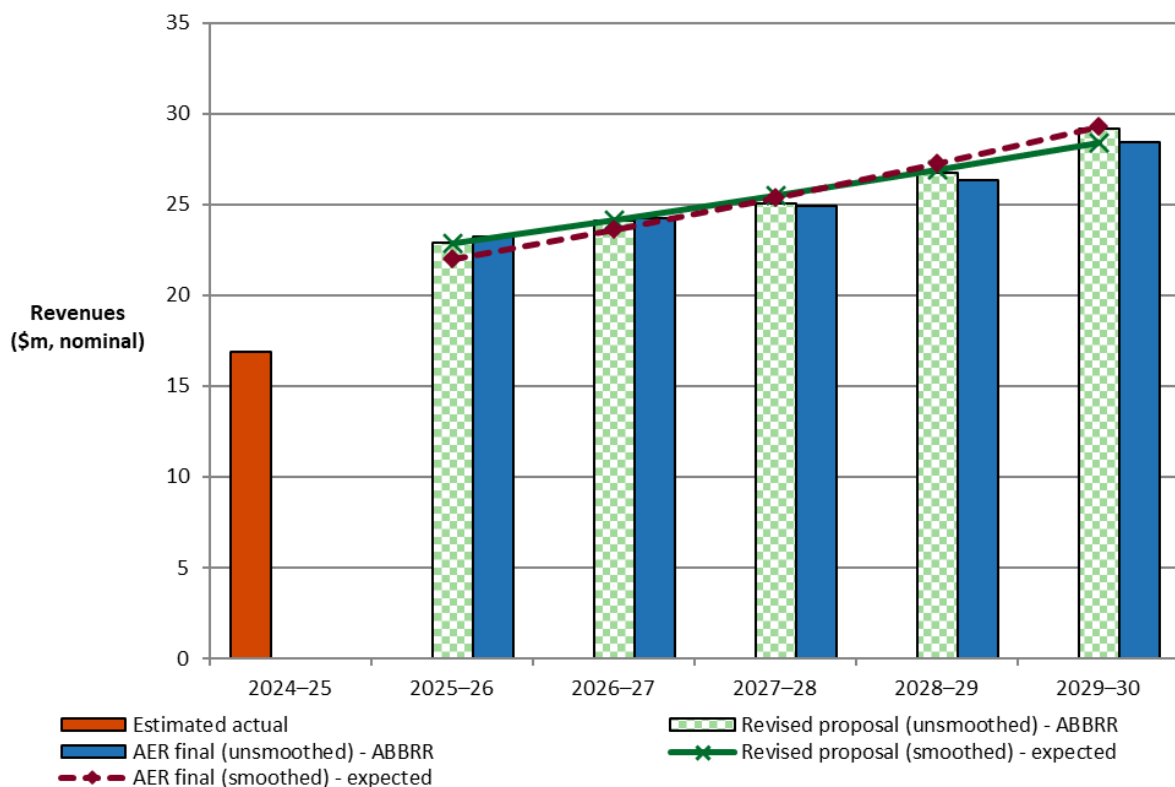
1.4.1 X factor, annual expected MAR and estimated total revenue cap

For this final decision, we determine an X factor for Directlink of -4.58% per annum for the four years of the regulatory control period from 2026–27 to 2029–30.¹¹ The net present value (NPV) of the annual building block revenue requirement is \$106.0 million (\$ nominal) as at 1 July 2025. Based on this NPV and applying the CPI–X method, we determine that the annual expected MAR (smoothed) for Directlink is \$22.0 million in 2025–26 increasing to \$29.3 million in 2029–30 (\$ nominal). The resulting total expected revenue for Directlink is \$127.5 million for the 2025–30 period.

Figure 1.2 shows our final decision on Directlink's annual expected MAR (smoothed revenue) and the annual building block revenue requirement (unsmoothed revenue) for the 2025–30 period.

¹¹ Directlink is not required to apply an X factor for 2025–26 because we set the 2025–26 MAR in this decision.

Figure 1.2 AER's final decision on Directlink's revenue for the 2025–30 period (\$ million, nominal)



Source: AER analysis.

Note: ABBRR stands for 'annual building block revenue requirement'.

To determine the expected MAR for Directlink, we have set the MAR for the first regulatory year at \$22.0 million (\$ nominal), which is \$1.2 million lower than the annual building block revenue requirement. We then apply an expected inflation rate of 2.72% per annum and an X factor of -4.58% per annum to determine the expected MAR in subsequent years.¹² We consider that our profile of X factors results in an expected MAR in the last year of the regulatory control period that is as close as reasonably possible to the annual building block revenue requirement for that year.¹³ We received no submissions on revenue smoothing approach.

Our final decision results in an average increase of 12.0% per annum (\$ nominal) in the expected MAR over the 2025–30 period.¹⁴ This consists of an initial increase of 30.2% in 2025–26, followed by an average annual increase of 7.4% during the remainder of the 2025–30 period.¹⁵

¹² NER, cl. 6A.5.3(c)(3).

¹³ NER, cl. 6A.6.8(c)(2). We consider a divergence of up to 3% between the expected MAR and annual building block revenue requirement for the last year of the regulatory control period is appropriate, if this can promote smoother price changes for users over the regulatory control period. In the present circumstances, based on the X factors we have determined for Directlink, this divergence is around 3.0%.

¹⁴ In real 2024–25 dollar terms, our approved expected MAR for Directlink results in an average increase of 9.0% per annum over the 2025–30 period.

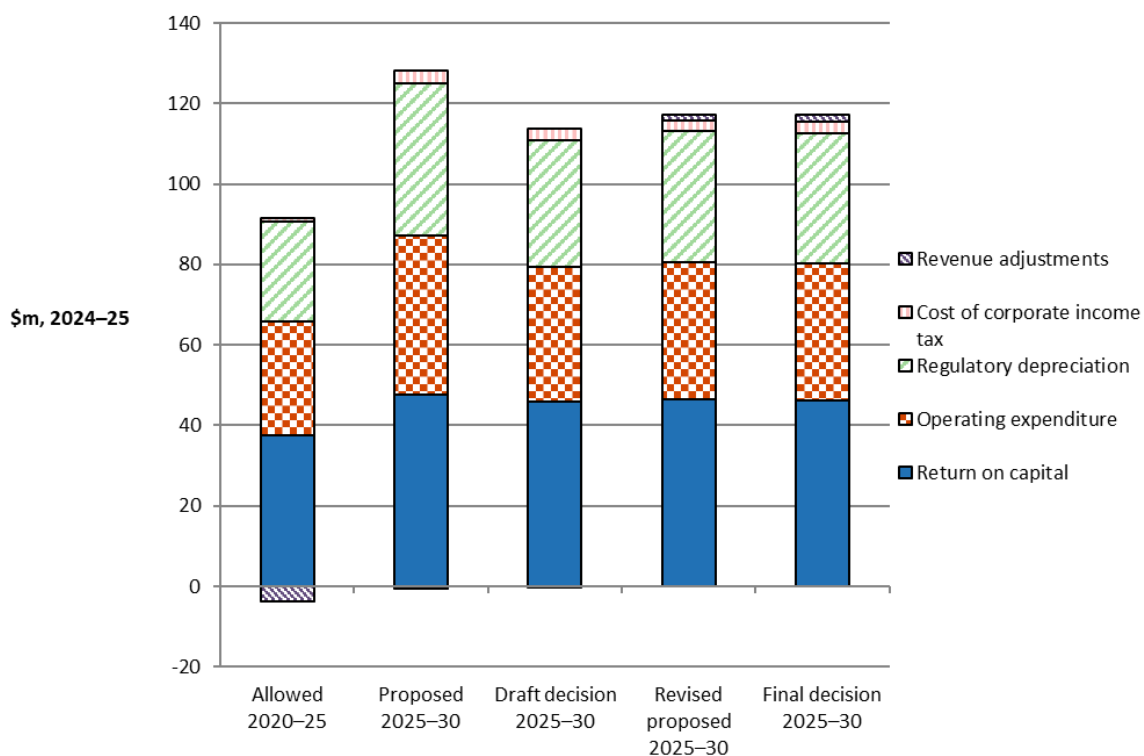
¹⁵ In real 2024–25 dollar terms, this is an initial increase of 26.73% in 2025–26, followed by an increase of 4.57% per annum for the remainder of the 2025–30 period.

Our final decision also results in an increase of \$48.6 million (61.2%) in nominal dollar terms to Directlink’s total annual unsmoothed revenue relative to that allowed in the 2020–25 period.¹⁶ We estimate that:

- approximately 37% of the increase is due to factors potentially outside the control of Directlink. This includes higher actual inflation rates for the 2020–25 period, which increase the indexation component of the RAB. It is also driven by higher interest rates for the 2025–30 period, which lead to a higher forecast rate of return (Section 2.2 of the Overview). Together, these changes in market variables result in a much higher return on capital amount for the 2025–30 period than that approved in the 2020–25 determination.
- the other 63% of the increase is driven by a higher regulatory depreciation (Attachment 4) and a higher opex (Attachment 6) determined in this final decision for the 2025–30 period compared to that approved in the 2020–25 determination. The higher regulatory depreciation is primarily driven by the approach to shortening the asset lives to coincide with when Directlink is expected to cease operation in 2041–42.

Figure 1.3 compares our final decision building blocks for Directlink’s 2025–30 period with its revised proposal for the same period, and the approved unsmoothed revenue for the 2020–25 period.

Figure 1.3 Total revenue by building block components (\$ million, 2024–25)



Source: AER analysis.

¹⁶ In real 2024–25 dollar terms, our draft decision results in an increase of \$29.2 million (33.2%) to Directlink’s total annual unsmoothed revenue relative to that in the 2020–25 period.

1.4.2 Shared assets

Service providers, such as Directlink, may use assets to provide both prescribed transmission services we regulate and unregulated services, for example by laying telecommunications cables alongside the electricity network assets for the provision of telecommunication services. These assets are called ‘shared assets’.¹⁷ If the revenue from shared assets is material, 10% of the unregulated revenues that a service provider earns from shared assets will be used to reduce the service provider's revenue for prescribed transmission services.¹⁸

Shared asset revenue reductions are subject to a materiality threshold. Unregulated use of shared assets is material when a service provider's annual average unregulated revenues from shared assets in a specific regulatory year is expected to be greater than 1% of its expected MAR for that regulatory year.¹⁹

Directlink does not have any shared assets.²⁰ We accept that Directlink does not provide any shared asset unregulated services and therefore does not earn unregulated revenue.

1.4.3 Indicative average transmission charges

Our final decision on Directlink's expected MAR ultimately affects the prices consumers pay for electricity. However, the adjustments we have made to Directlink's expected MAR do not directly translate to changes in annual electricity bills, principally because Directlink is a small component of the broader transmission network that serves NSW and the ACT. Transgrid is the main transmission network service provider in this region, and is the designated coordinating transmission network service provider. Our 2023–28 transmission determination on Transgrid's expected MAR is the principal determinant of the estimated transmission charges, and therefore the estimated impact of transmission charges on annual electricity bills. Further, the transmission charges in NSW/ACT are also affected by the 2024–29 revenue determinations for Ausgrid and Evoenergy's transmission assets.²¹ Directlink, just like Ausgrid and Evoenergy, collects its transmission revenues from Transgrid.

Transmission charges make up around 6% of a typical total electricity bill in NSW²² and Directlink's revenue accounts for approximately 1.9% of total NSW transmission revenues.²³

¹⁷ NER, cl. 6A.5.5.

¹⁸ AER, Shared asset guideline, November 2013, Appendix A, p. 15.

¹⁹ Ibid, pp. 8–9.

²⁰ Directlink, *Attachment 07a – Directlink 2025-30 – Final – Reset RIN – Workbook 1 – Forecast and historical – 240130 - Public*, January 2024.

²¹ While Ausgrid and Evoenergy are predominantly electricity distribution businesses, they also own and operate some transmission assets. These assets operate in parallel and support Transgrid's transmission network to provide transmission network services to NSW and the ACT.

²² AER Analysis; AER, *Default market offer prices 2024–25 – Final determination – Cost assessment model*, May 2024; AER, *Final 2024–25 annual SCS pricing model*, May 2024, for Ausgrid, Endeavour Energy and Essential Energy; AER, *2022–23 Economic Benchmarking RIN, worksheet "3.4 Operational data"*, October 2023, for Ausgrid, Endeavour Energy and Essential Energy.

²³ This represents Directlink's proportion of total transmission revenues in NSW, which consists of revenues from Transgrid, Ausgrid transmission, Evoenergy transmission and Directlink.

Therefore, Directlink’s revenue would be expected to account for 0.1% of the total electricity bill in NSW.

We estimate the indicative effect of our final decision on forecast average transmission charges in NSW by:

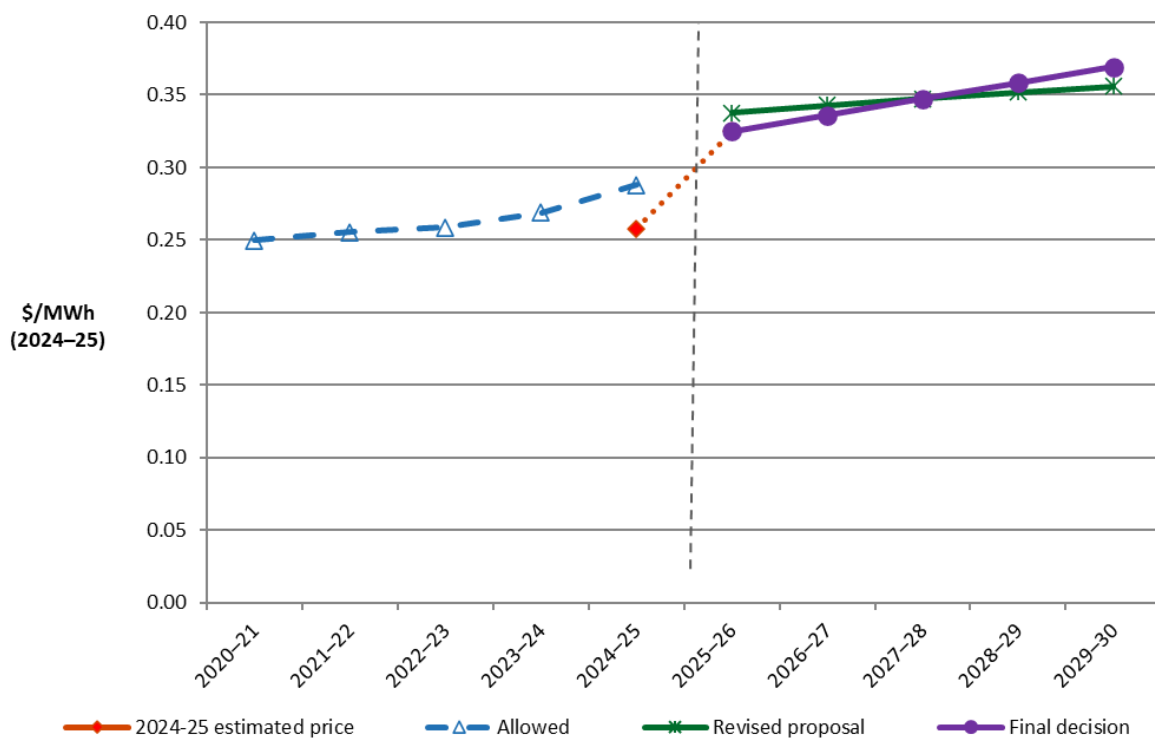
- taking Directlink's annual expected MAR determined in this final decision, and
- dividing it by the forecast annual energy delivered in NSW as published by the Australian Energy Market Operator (AEMO).²⁴

Based on our approach, we estimate that this final decision will result in 7.5 increase in annual average transmission charges over the 2025–30 period in real 2024–25 dollar terms.²⁵

Figure 1.4 shows the indicative average transmission charges over the period 2020–21 to 2029–30 in real 2024–25 dollar terms based on the expected revenues established in our final decision, compared to Directlink’s revised proposed revenue requirement. The average transmission charges are expected to increase from around \$0.26 per MWh in 2024–25 to \$0.37 per MWh in 2029–30.

²⁴ AEMO, *Update to the 2023 Electricity Statement of Opportunities*, August 2024.
<https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/nem-forecasting-and-planning/forecasting-and-planning-data/electricity-forecasting-data-portal>. Accessed 11 April 2025.

²⁵ On average, the final decision transmission smoothed revenues will increase by 11.6% (\$ nominal) per annum over the 2025–30 period. The forecast energy delivered in NSW will increase by an average of 1.1% per annum over that period. As a result, the indicative transmission charge will increase by 10.4% (\$ nominal) per annum over the 2025–30 period.

Figure 1.4 Indicative transmission price path for Directlink (\$/MWh, \$2024–25)

Source: AER analysis.

Notes: The transmission price path for Directlink is based on actual and forecast energy throughput amounts for Transgrid's transmission network across NSW and the ACT. Directlink contributes only to a small part of Transgrid's transmission network services.

1.4.4 Expected impact of final decision on electricity bills

The annual electricity bill for customers in NSW reflects the combined cost of all the electricity supply chain components—wholesale energy generation, transmission, distribution, metering, and retail costs. This final decision primarily relates to the transmission charges for Directlink's prescribed transmission services, which represent approximately 0.1% on average for residential customers' and small business customers' annual electricity bills in NSW.

We estimate the expected bill impact by varying the transmission charges in accordance with our final decision in this attachment, while holding all other component costs that make up the electricity bill constant. This approach isolates the effect of our final decision on the core transmission charges for Directlink only. However, this does not imply that other components will remain unchanged across the regulatory control period.²⁶ Our final decision determines lower revenues than proposed by Directlink—largely due to the impact of a lower opex and lower regulatory depreciation. As a result, expected bill increases are lower than Directlink's proposal, holding all else constant.

²⁶ It also assumes that actual energy consumption will equal the forecast adopted in our final decision. Since Directlink operates under a revenue cap, changes in energy consumption will also affect annual electricity bills across the 2025–30 period.

Based on this approach, we expect that our final decision on the transmission component will increase the average annual residential electricity bill in 2029–30 by about \$1 (\$ nominal) or 0.1% from the 2024–25 total bill level.²⁷

Similarly, we expect that our final decision will result in the transmission component of the average annual electricity bill for a small business customer in 2029–30 to increase by about \$4 (\$ nominal) or 0.1% from the 2024–25 total bill level.²⁸

Our estimated bill impact is based on the typical annual electricity usage of 4,357 kWh²⁹ for residential customers and 10,000 kWh³⁰ for small business customers in NSW. Therefore, customers with different usage will experience different changes in their bills. We also note that there are other factors, such as metering, and wholesale and retail costs, which affect electricity bills.

²⁷ The 2024–25 total electricity bill for residential customers in NSW is estimated to be \$2,095, which is the weighted average of the AER’s default market prices in the Ausgrid, Endeavour and Essential networks, with the weights being the number of residential customers on each network.

AER, *Revised final determination – Default Market Offer Prices 2024–2025*, June 2024, p. 6.

²⁸ The 2024–25 total electricity bill for small businesses in NSW is estimated to be \$4,980, which is the weighted average of the AER’s default market prices in the Ausgrid, Endeavour and Essential networks, with the weights being the number of residential customers on each network.

AER, *Revised final determination – Default Market Offer Prices 2024–2025*, June 2024, p. 6.

²⁹ AER, *Revised final determination – Default Market Offer Prices 2024–2025*, June 2024, p. 6.

This is a weighted average of the typical electricity consumption for residential customers in the Ausgrid, Endeavour and Essential networks, with the weights being the number of residential customers on each network.

³⁰ AER, *Revised final determination – Default Market Offer Prices 2024–2025*, June 2024, p. 6. This is an average of the typical electricity consumption for small business customers in the Ausgrid, Endeavour and Essential networks.

Shortened forms

Term	Definition
ABS	Australian Bureau of Statistics
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
capex	capital expenditure
CESS	capital expenditure sharing scheme
CPI	consumer price index
EBSS	efficiency benefit sharing scheme
MAR	maximum allowed revenue
NER	National Electricity Rules
NPV	net present value
opex	operating expenditure
PTRM	post-tax revenue model
RAB	regulatory asset base