


Level 17, Casselden
2 Lonsdale Street
Melbourne Vic 3000
GPO Box 520
Melbourne Vic 3001
tel: (03) 9290 1800
www.aer.gov.au

Our Ref: #15913687
Contact Officer: Matthew Thomas
Contact Phone: 

20 November 2023

Jacqueline Bridge
Executive General Manager, Energy Futures
Powerlink
33 Harold Street
Virginia QLD 4014

Dear Ms Bridge

Re: AER Determination – Powerlink’s 2022-23 network support cost pass through application

I am writing to advise you of the AER’s determination in relation to Powerlink’s 2022-23 network support cost pass through application submitted on 19 September 2023.

The AER has approved Powerlink’s cost pass through application, and determined a positive pass through amount of \$866,339 (\$Dec 2024) to be passed through to network users in the 2024-25 regulatory year.

Details of the AER’s assessment against the relevant factors set out in the National Electricity Rules are set out in the table at Attachment A. If you have any queries in relation to this matter, please contact Matthew Thomas on (03) 9658 6490.

Yours sincerely



Arek Gulbenkoglu
General Manager
Network Expenditure

Sent by email on: 20.11.2023

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

Requirement of the NER	Our consideration
Is the pass through event a network support event? ¹	Yes. The pass through event is a network support event as defined in the NER, cl 6A.7.2.
What is the date on which the positive change event occurred?	We consider that the network support cost event occurred in the regulatory year concluding on 30 June 2023, as a result of Powerlink's response to AEMO's <i>2021 System Security Reports: System Strength, Inertia and NSCAS</i> and <i>Update to 2021 System Security Reports</i> (the Reports), published on 17 December 2021 and 11 May 2022 (respectively).
Did Powerlink submit a written statement of its pass through application within 60 business days of the positive change event occurring? ²	Yes. Powerlink made its pass-through application on 19 September 2023.
Did Powerlink specify details of the positive change event, including the date on which the event occurred, in its written statement? ³	Yes. Powerlink's written statement is available on our website.
Did Powerlink specify in its written statement the eligible pass through amount, the proposed positive pass through amount, and the amounts proposed to be recovered from customers in each regulatory year? ⁴	Yes. Powerlink proposed an eligible positive pass through amount of \$866,339 (\$Dec 2024) to be recovered from network users in 2024-25.
Did Powerlink specify in its written statement evidence of the actual and likely increase in costs that occurred solely as a consequence of the positive change event? ⁵	Yes. Powerlink's written statement included evidence of the costs it incurred in 2022-23 as a result of responding to the power system security requirements identified in AEMO's Reports (as confidential attachments). Powerlink also set out how it calculated its proposed pass through amount using the AER's template.
Was there a regulatory information instrument applicable to the pass through application? ⁶	No
We must take into account the matters and proposals set out by Powerlink in its written application provided to the AER on 19 September 2023 ⁷ .	We have had regard to the matters set out by Powerlink in its application in making our determination.
In the case of a positive network support event, we must take into account the increase in costs in the provision of prescribed transmission services that	We consider Powerlink has incurred additional costs of \$866,339 (\$Dec 2024) as a result of the network support event in the 2022-23 regulatory year.

¹ NER cl. 6A.7.2(a)

² NER cl. 6A.7.2(c)

³ NER cl. 6A.7(c)(1)

⁴ NER cl. 6A.7(c)(2)

⁵ NER cl. 6A.7(c)(3)(ii)

⁶ NER cl. 6A.7(c)(4)

⁷ NER cl. 6A.7(i)(1)

Powerlink has incurred in the preceding regulatory year as a result of the positive network support event. ⁸	
We must take into account the efficiency of Powerlink's decisions and actions in relation to the risk of the event, including whether Powerlink has failed to take any action that could reasonably be taken to reduce the magnitude of the positive network support event and whether Powerlink has taken or omitted to take any action where such action or omission has increased the magnitude of the amount in respect of that event. ⁹	<p>We consider that Powerlink has operated efficiently in its decisions and actions relating to the risk of the positive change event occurring, and the magnitude of costs. The incremental network support costs that Powerlink incurred were necessitated by power system security requirements identified by AEMO through the Reports. We consider that Powerlink has not taken (or omitted to take) any action that would be likely to increase (or decrease) the magnitude of the positive change event.</p> <p>Based on the evidence presented by Powerlink, including the EOI processes it ran to respond to the network support event and the various options it considered, we consider that Powerlink has appropriately had regard to:</p> <ul style="list-style-type: none"> • a sufficient variety of options and vendors • the total cost of each solution • the deliverability and time constraints of each option • the technical capability of each option, and • other relevant operational considerations (including endorsement by AEMO). <p>Based on the above factors, we consider that Powerlink has incurred costs that are likely efficient and prudent.</p>
We must take into account the time cost of money. ¹⁰	The time cost of money has been factored into Powerlink's network support cost pass through calculation. We have confirmed the accuracy of this calculation.
We must take into account the need to ensure that the pass through amount reflects only the network support costs incurred solely as a consequence of the network support event. ¹¹	We consider that the costs to be recovered by Powerlink due to this pass-through event are solely attributable to the event (being the incremental costs resulting from Powerlink's response to the power system security requirements identified in AEMO's Reports).
We must consider whether any other factors are relevant. ¹²	We do not consider any other matters to be relevant

⁸ NER cl. 6A.7(i)(2)

⁹ NER cl. 6A.7(i)(3)

¹⁰ NER cl. 6A.7(i)(4)

¹¹ NER cl. 6A.7(i)(5)

¹² NER cl. 6A.7(i)(6)