

16 February 2024



Arek Gulbenkoglul
Australian Energy Regulator (AER)
By email: [REDACTED]

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Re: Amendments to Revised Proposal on trigger events proposed for contingent project and proposed repex projects.

Dear Mr Gulbenkoglul,

Ausgrid proposes the following amendments to our proposed capital expenditure (**capex**) forecast for the regulatory control period commencing 1 July 2024 (2024-29 period):

1. **Trigger events:** Changes to the trigger events for the proposed contingent project to address increased demand from customers with large load requirements in the Macquarie Park network area; and
2. **Amendments to proposed repex:** Reductions in the proposed replacement expenditure (**repex**).

Further information on our proposed amendments are set out below.

1. Trigger events – Contingent project to address increased demand at Macquarie Park

Our Revised Proposal included a contingent project for a proposed \$128 million substation at Macquarie Park to serve multiple customers with large load requirements that have approached Ausgrid for connection services.

The status of this project has not changed since the Revised Proposal was submitted to the AER. We continue to expect to receive the first formal connection application that will trigger the need for the proposed substation investment at Macquarie Park early in the 2024-29 period.

Following discussion with AER staff, we propose to amend the trigger events for this contingent project in order to better meet the requirements set out in clause 6.6A.1c of the National Electricity Rules (**NER**). Specifically, Ausgrid proposes the following triggers as an amendment to our Revised Proposal for a contingent project to address increased demand from customers with large load requirements in the Macquarie Park network area:

1. Ausgrid receives a connection application for a major load that requests supply at 33kV or higher voltage from the existing Macquarie Park Zone Substation or the Macquarie Subtransmission Substation.
2. The AER is satisfied that Ausgrid has completed a Regulatory Investment Test for Distribution (**RIT-D**) to determine the preferred credible option to connect and supply the load or loads, pursuant to the NER.

- A commitment from Ausgrid to proceed with the preferred credible option from the RIT-D, subject to the AER amending Ausgrid's 2024-29 regulatory determination pursuant to the NER. To provide objective verification of this trigger, a letter from the Chief Executive Officer of Ausgrid will be sent to the AER to confirm such commitment.

2. Amendments to proposed repex

Our Revised Proposal included forecast repex of \$1,428 million, which was \$70 million higher than the Draft Decision of \$1,358 million. The Revised Proposal forecast repex included an additional \$13 million to respond to increases in the load forecast at Paddington and Drummoyne network areas, bringing forward subtransmission cable replacement.

Following discussion with AER staff, Ausgrid proposes to:

- Withdraw the amendments to the Drummoyne project and accept the Draft Decision for Drummoyne; and
- Withdraw the Surry Hills-Paddington project from the Revised Proposal.

The amended forecast repex is set out in **Table 1**.

Table 1. Proposed Repex (\$m, real FY24)

Program / Project	Initial Proposal	Draft Decision	Revised Proposal	Amended Revised Proposal
Dedicated LV Mains	143	55	80	80
Protection Schemes	7	7	12	12
132kV Feeder 202 Rozelle-Drummoyne	17	17	18	17
132kV Feeders 203, 204 Mason Park-Drummoyne	46	46	50	46
132kV Switchgear Drummoyne ZS	13	13	15	13
33kV Feeders Surry Hills-Paddington	-	-	6	-
33kV Switchgear Merewether STS	-	-	24	24
33kV bulk oil circuit breakers	3	3	0	0
Other repex projects and programs	1,217	1,217	1,223	1,223
Total Repex	1,446	1,358	1,428	1,415

Please do not hesitate to contact me should you require additional information or wish to discuss any aspect of our proposed amendments.

Regards,


 Alex McPherson
 A/g Group Executive, Market Development and Strategy