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Friday, 28 March 2025

Ms Kami Kaur  
General Manager, Renewable Energy Zones  
Australian Energy Regulator  
GPO Box 3131  
Canberra ACT 2601

Email: [REDACTED]

Dear Ms Kaur

**Waratah Super Battery (WSB) 2025 Adjustment Proposal – Delay in achieving Commercial Operation**

We are writing to advise the Australian Energy Regulator (AER) that a ‘Delay in achieving Commercial Operation’ event for the WSB contestable System Integrity Protection Scheme (SIPS) services occurred on [REDACTED], when Akaysha Energy first informed Transgrid of a delay. The project schedule has been revised multiple times since then. We are therefore submitting this 2025 Adjustment Proposal for WSB SIPS services.

***The AER’s Revenue Determination for WSB SIPS services***

On 17 October 2022, we submitted to the AER our revenue proposal for WSB SIPS services under the NSW regulatory framework comprising the Electricity Infrastructure Investment Act 2020 (EII Act), the EII Regulations and AER Revenue Determination Guideline for NSW Contestable Network Projects (Guideline).<sup>1</sup> Our revenue proposal sought approval for the schedule of payments for the SIPS services provided by Akaysha Energy for a period of up to 5.5 years (SIPS services Revenue Proposal). These payments reflect the contractual arrangements between Akaysha Energy and Transgrid, which was the outcome of the competitive assessment process.

On 14 December 2022, the AER published its Revenue Determination for SIPS services<sup>2</sup> (Final Decision). The AER’s Final Decision:

- approved the proposed schedule of payments that we make to Akaysha Energy for the provision of SIPS services, and

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<sup>1</sup> AER, [Revenue Determination Guideline for NSW contestable network projects](#), August 2022

<sup>2</sup> AER, [WSB System Integrity Protection Scheme Service Revenue Determination](#), December 2022

- includes an adjustment event to update the approved schedule of payments when a ‘delay in achieving Interim Commercial Operation or Commercial Operation’ adjustment event is triggered.

The adjustment mechanism provides that should the AER be satisfied that the triggers have occurred then as part of its review of an Annual Adjustment Proposal, it will develop a revised schedule of payments that will be used by the Scheme Financial Vehicle (SFV) to pay us so that we can in turn pay Akaysha Energy.

### ***Delay in achieving Commercial Operation adjustment event***

The ‘Delay in achieving Commercial Operation’ event is defined as:

*Payment amounts will be reduced if there is a delay in achieving Interim Commercial Operation or Commercial Operation.*

We consider this event to have been triggered because the project schedule prepared by Akaysha Energy (dated 4 March 2025) indicates:

- Interim Commercial Operation, [REDACTED], is now delayed [REDACTED]
- Commercial Operation, [REDACTED], is now delayed [REDACTED]

The delay requires the AER to assess the event and update the schedule of payments at annual adjustment review and does not require the revenue determination to be remade.<sup>3</sup>

### ***Our 2025 Adjustment Proposal***

Under the AER’s Guideline and its Final Decision for SIPS services, we must lodge our 2025 Adjustment Proposal by 28 March 2025.<sup>4</sup>

This letter and Attachments A to I comprise our 2025 Adjustment Proposal, which has been prepared in accordance with the requirements of:

- the EII Act and Regulations
- the AER’s Guideline,
- the AER’s Final Decision for SIPS services, and
- contractual arrangements between Akaysha Energy and Transgrid, in relation to the adjustment event.<sup>5</sup>

Since the Interim Commercial Operation and Commercial Operation dates are estimates and subject to change, we propose locking in these dates for the purposes of this adjustment proposal and the AER review. Given that the adjustment mechanism only allows for retrospective updates based on actual dates — and does not permit bringing the date forward next year if either COD is achieved earlier than expected — we have applied 28 March (the date of our revenue adjustment proposal submission to the AER) as both the Interim Commercial Operation date and the Commercial Operation date. This approach was discussed and agreed upon with the AER staff.

<sup>3</sup> AER, [WSB System Integrity Protection Scheme Service Revenue Determination](#) (Final Decision for SIPS services), December 2022, p. 29

<sup>4</sup> This is no later than 63 business days before the start of the next regulatory year commencing 1 July 2025.

<sup>5</sup> SIPS Service Agreement between NSW Electricity Network Operations Pty Ltd as trustee for NSW Electricity Network Operations Trust, trading as Transgrid and Munmorah Battery ProjectCo Pty Ltd dated 17 October 2022.

We have also included an adjustment for the interest that has been earned by Transgrid for the months of January and February in relation to withholding service charge payments for the delay in COD.

The key aspects of our 2025 Adjustment Proposal are:

- **Updated Waratah Super Battery Project Schedule** – Provided by Akaysha Energy and current as of 4 March 2025, this includes revised dates for the Interim Commercial Operation and Commercial Operation, now set for [REDACTED] and [REDACTED], respectively.
- **Updated REZ Service Payment (RSP) Schedule** – Adjusted to reflect 28 March 2025 as both Interim Commercial Operation and Commercial Operation date.

The Attachments comprising our 2025 Adjustment Proposal are detailed in Table 1:

Table 1: Attachments comprising our 2025 Adjustment Proposal

Attachment	Name	Content / purpose
A	Compliance with AER requirements - PUBLIC	This demonstrates how we have complied with the requirements of the AER's Guideline and Final SIPS Services Decision.
B	Compliance with the 'Delay in achieving Commercial Operation' adjustment mechanism - CONFIDENTIAL	This demonstrates how we have complied with the requirements of the SIPS Service Agreement and AER's Final Decision.
C	Confidentiality claims - PUBLIC	This details the matters for which we are claiming confidentiality.
D	Statutory declaration - PUBLIC	A statutory declaration made by our Chief Executive Officer attesting that the information provided in our 2025 Annual Adjustment Proposal is consistent with the AER's Final Decision and the contractual arrangements.
E	Transgrid's WSB Battery Information Notice Workbook - CONFIDENTIAL (Note – this confidential workbook is an update of the final workbook provided as part of Transgrid's 2023 Adjustment Proposal)	<p>This workbook has been updated to reflect the REZ Service Payment (RSP) schedule based on:</p> <ul style="list-style-type: none"> <li>- 28 March 2025 being both the Interim Commercial Operation date and Commercial Operation date, and</li> <li>- adjustment for interest that has been earned by Transgrid for the months of January and February in relation to withholding service charge payments for the delay in COD.<sup>6</sup></li> </ul> <p>Based on advice from the AER in 2023 for the foreign exchange rate revenue adjustment, we have applied the AER's nominated inflation forecasts, determined in October 2022, to convert the total RSP nominal value to real June 2023 dollars.<sup>7</sup></p>

<sup>6</sup> We have reflected the service charge payments (nominal) from Attachment F (i.e. row 369 of "BatteryQ" sheet) in Attachment E (see row 8 of sheet "3. Schedule of payments"). This sets out the Total REZ Service Payment (RSP) in nominal dollars.

<sup>7</sup> We have used the cumulative inflation index in Attachment E (see row 11 of sheet "3. Schedule of payments") to derive the real \$June 2023 dollar value of the total RSP (nominal). In 2023, we discussed with the AER whether we should update this for the latest inflation forecasts, however the AER advised that we should continue to use the nominated inflation forecasts from October 2022.

[illegible]

<sup>8</sup> We have updated Attachment F to include 28 March in cells H25 and H26 of "BatteryQ" sheet.

<sup>9</sup> We have updated Attachment F to include the interest earned in cell AA368 of "BatteryQ" sheet.

Please feel free to contact Olga Iaroshevskaya on [REDACTED] if you would like to discuss any aspect of our 2025 Adjustment Proposal for WSB SIPS services.

Yours sincerely

[REDACTED]

Monika Moutos  
**General Manager of Regulation**