

Basslink Consultation Paper

Commencement and Process Paper Amendment

June 2025

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1 Background

On 14 July 2023, we published a Commencement and Process Paper setting out our decision to commence a revenue determination process for the Basslink interconnector.¹ We established a process to consider APA Group's (APA) application to convert the Basslink transmission cable to a regulated transmission service. In the event of a final decision to convert Basslink from a market network service to a regulated transmission service, a revenue determination will apply.

Our initial Commencement and Process Paper² set out key timings for decisions, including that the conversion decision and revenue determination would be considered concurrently. As our draft decision from 17 December 2024 was to not convert Basslink, the revenue determination was placed on hold.

Given our final decision on 26 June 2025³ is to accept APA's application to convert the Basslink transmission cable to a regulated transmission service, we are required to recommence the revenue determination process. The first step in recommencing the revenue determination will be to publish a revised Commencement and Process Paper including updated timing for the draft and final revenue determination decisions.

As we have previously published and invited submissions in response to our Issues Paper⁴ regarding APA's revenue proposal, this consultation paper proposes to recommence the determination process from the draft decision milestone.

Section 3 of this paper sets out the proposed amendments to the Commencement and Process Paper. Our legal powers to make amendments and the rationale for the proposed changes are set out below.

1.1 Submissions

We invite stakeholders to make written submissions on this consultation paper by COB 11 July 2025. Submissions should be emailed to ResetCoord@aer.gov.au and addressed to Dr Kris Funston, Executive General Manager, Network Regulation. Alternatively, you can mail submissions to GPO Box 3131, Canberra ACT 2601.

Submissions should be in Microsoft Word or another text readable document format.

We prefer that all submissions be publicly available to facilitate an informed and transparent consultation process. We will treat submissions as public documents unless otherwise requested.

Parties wishing to submit confidential information should:

¹ AER, [APA Group Basslink – Notice of decision and commencement and process paper](#), July 2023.

² AER, [APA Group Basslink – Notice of decision and commencement and process paper](#), July 2023.

³ AER, *Final Decision – Application for Basslink's network service to be classified as a prescribed transmission service*, June 2025.

⁴ AER, [Issues Paper – Basslink – Conversion and revenue determination 2025–30](#), November 2023.

1. Clearly identify the information that is the subject of the confidential claim.
2. Provide a non-confidential version of the submission in a form suitable for publication.

All non-confidential submissions will be published on the AER's website.

For further information regarding the AER's use and disclosure of information provided to it, see the ACCC/AER Information Policy.

2 Legal power to amend the Commencement and Process Paper

APA's regulatory proposal⁵ was submitted in accordance with Rule 6A.9 of the National Electricity Rules (NER). The NER provides for an 'Intending Transmission Network Service Provider (TNSP)' to request us to commence the process for making a transmission determination for a proposed prescribed transmission service, and to determine the process to apply for making that transmission determination.⁶

Our decision to commence a transmission determination process for Basslink required us to also publish a Commencement and Process Paper. The matters we must include in a Commencement and Process Paper are specified in clause 6A.9.3 of the NER and include but are not limited to:

- the commencement date for Basslink's transmission determination
- the modifications to the process we may determine in making Basslink's transmission determination.

Clause 6A.9.3(f) provides a process for amending a Commencement and Process Paper at the request of the relevant intending TNSP. However, it does not set out the process where we initiate amendments. Consequently, we consider exercising our power to amend under the National Electricity Law (NEL) as the preferred approach.

The NEL provides a general power to amend or repeal instruments and decisions. Section 20 of Schedule 2 to the Law states that where the Law provides the power to make an instrument, decision or determination, the power includes power to amend or repeal the instrument, decision or determination. We have referred to this power as the 'revisiting provision.' We consider the revisiting provision allows for amending the Basslink Commencement and Process Paper and note that we have previously used this provision when amending the Basslink Commencement and Process Paper in May 2024.⁷

⁵ APA, [Basslink: Application for conversion and request to commence the process for making a transmission determination](#), May 2023.

⁶ NER, cl 6A.9.2.

⁷ AER, [Basslink consultation paper – commencement and process paper amendment](#), May 2024

3 Rationale and summary of amendments

3.1 Rationale for amendments

On 17 December 2024, we published a draft decision to reject the application from APA to convert Basslink to a regulated transmission service. Given our draft decision to reject conversion, a draft revenue determination was not required. On 26 June 2025 the AER decided to accept APA's application to convert the Basslink transmission cable to a regulated transmission service, consequently, the AER is now required to recommence the revenue determination process. Under the revised process, we propose a regulatory control period of 1 July 2026 to 30 June 2030 (4 years) with a final decision date of 27 February 2026. Please refer to Table 1 below for the proposed timeline.

Regulatory control period

The proposed regulatory control period of 1 July 2025 to 30 June 2030, as originally proposed by APA, is not possible as we expect the final revenue determination will be published 27 February 2026. As a result, we are proposing to shorten the first regulatory control period to 1 July 2026 to 30 June 2030. This will result in Basslink operating as a market service until the regulatory start date of 1 July 2026. Clause 6A.9.4(b) provides us the power to specify a regulatory control period of less than 5 regulatory years for a proposed regulated transmission system.

A 4-year regulatory control period will allow us and stakeholders to rely on the initial proposal from APA without the need of developing, consulting on and submitting a new revenue proposal.

Modifications

As recognised in our initial Commencement and Process Paper, a transmission determination process under Chapter 6A of the NER generally runs for 15 months which includes the publication of a Framework and Approach Paper, an Issues Paper and a draft decision which are all subject to a consultation period.

To ensure a final revenue determination is in place before the proposed regulatory start date of 1 July 2026, we propose the following previous modifications to the transmission determination process for Basslink as set out in our first Commencement and Process Paper⁸ to remain applicable. This includes:

- Omit the requirement for us to make a Framework and Approach Paper under clause 6A.10.1A of the NER.
- Omit the requirement for Basslink to inform us of the methodologies it proposes to use for forecasting expenditure prior to submitting its revenue proposal under clause 6A.10.1B of the NER.

⁸ AER, [Notice of decision and commencement and process paper - APA Group Basslink](#), July 2023

- Defer addressing matters that are typically the subject of a Framework and Approach Paper, and the forecast expenditure methodologies, to when we assess APA's revenue proposal.

Material change of the proposal

APA's revenue proposal was submitted on 15 September 2023⁹, with updates to its proposed figures including capital expenditure, operating expenditure and regulatory asset base provided over April¹⁰, July¹¹ and October 2024.¹² We recognise the proposed change in regulatory control period from 5 years to 4 years will require updated inflation figures and that there may be further mechanistic inputs that require updating in APA's revenue proposal.

During the consultation period for this paper, we will be communicating with APA on the extent of any changes required for its proposal and will publish any updates before releasing our draft decision. In the event there are any novel, potentially material or substantial changes to the initial information provided in APA's revenue proposal, we would consider at a minimum an extension of 1 month for both the draft decision and final decision dates. This extension reflects that for us to deliver a meaningful assessment of any material variations, additional analysis and consultation is required. If such an extension is required, this will be reflected in the amended Commencement and Process Paper.

Draft decision and final decision dates

The proposed final publication date will allow for the AER to approve a pricing proposal for the first regulatory year commencing on 1 July 2026. We have also considered the Australian Energy Market Operator's (AEMO) previous submission¹³ and subsequent discussions, including lead time required to support Basslink transitioning to a regulated TNSP.

⁹ APA, [Basslink Transmission Revenue Proposal](#), September 2023

¹⁰ APA provided [updated models](#) for their forecast operating expenditure, capital expenditure, Post Tax Revenue Model and Roll Forward Model in April 2024.

¹¹ APA provided [updated models](#) for their forecast operating expenditure, capital expenditure, Post Tax Revenue Model and Roll Forward Model in July 2024.

¹² APA provided [updates to their pricing methodology and RAB](#) in October 2024.

¹³ AEMO, [Submission on Basslink Issues Paper – Determination 2025–30](#), February 2024.

3.2 Summary of proposed amendments

In reinstating the revenue determination process, we are proposing the following amendments to the key milestones established in the Basslink Commencement and Process Paper. The AER will consider submissions in response to this consultation paper before publishing the amended Commencement and Process Paper following submissions closing on 11 July.

Table 1: Basslink – Previous and proposed timelines

Process step	Current timing	Proposed timing
AER Issues Paper	Previously published on 10 November 2023	Previously published
AER Issues Paper public forum	Held on 22 November 2023	Previously held
AER draft decision	8 November 2024	12 September 2025
APA submit revised regulatory proposal	3 January 2025	14 November 2025
AER final decision	28 February 2025	27 February 2026

Glossary

Term	Definition
AER	Australian Energy Regulator
AEMO	Australian Energy Market Operator
APA	APA Group
CPP	Commencement and Process Paper
MNSP	Market Network Service Provider
NEL	National Electricity Law
NER	National Electricity Rules
TNSP	Transmission Network Service Provider