

19 May 2025

Mr Gavin Fox
General Manager, Network Pricing
Australian Energy Regulator
GPO Box 3131
Canberra, ACT, 2601

By email: AERPricing@aer.gov.au

Dear Gavin

Re: Proposed Pricing Methodology Guidelines and Information Collection

TasNetworks welcomes the opportunity to contribute to the Australian Energy Regulator's **(AER's)** consultation on its amendments of the Pricing Methodology Guidelines and Information Collection Agreements to assist with the implementation of the recent interconnector rule change introduced by the Australian Energy Market Commission **(AEMC)**.

TasNetworks is currently the sole Transmission Network Service Provider **(TNSP)** in Tasmania. Should additional regulated TNSPs, such as Marinus Link, be commissioned, TasNetworks would likely be designated as the Coordinating Network Service Provider **(CNSP)** for Tasmania. In this role, TasNetworks would be responsible for recovering the revenue for all TNSPs in the Tasmanian region and implementing any interconnector cost allocation agreements in the event they occur.

TasNetworks appreciates the AER's work on the draft amendments to the pricing methodology guidelines. We also note that Energy Networks Australia **(ENA)** has prepared a submission in relation to this matter and TasNetworks endorses the points raised by the ENA. However, there are matters where the practical implementation of the rule remains ambiguous, mostly regarding the application of the rule to newly regulated interconnector TNSPs that are commissioned post rule change.

Specifically, we ask the AER to provide clarification on two scenarios:

- 1) how to apply cost allocation when a new interconnector is commissioned without a cost allocation agreement, and
- 2) how to determine the region cost allocation when a newly commissioned interconnector has an interconnector cost allocation agreement in place for its first revenue recovery year.

Below are the specific clauses of the rule change and context that are related to this submission and prompt this request for clarification.

- Where a new interconnector commences operation with an interconnector cost allocation agreement already in place, no "baseline" cost allocation would exist prior to the agreement. In such cases, we seek clarification of the interaction between Clause 6A.22.5(b) and Clause 6A.22.5(d), and how the baseline Aggregate annual revenue requirement (**AARR**) for the interconnector TNSP should be calculated.

It is our understanding that the interconnector transfer amount (d) would represent the total amount that the CNSP will recover for the interconnector TNSP, but it is unclear how this interacts with item (b) when no historical baseline exists.

- This clarification is also pertinent to the application of Clause 6A.22.3(e), which requires the attributable cost share to be calculated "without regard to whether the total regional AARR is affected by the interconnector transfer amount" and "as it would have been if the total regional AARR had not been affected by the interconnector transfer amount."

Should you wish to discuss any aspects of this submission further, please contact Julie Morrison at regulation@tasnetworks.com.au.

Yours sincerely,



Sandra Thaow
Acting Head of Regulation