

11 July 2025

**Ms Clare Savage**

Chair  
Australian Energy Regulator (AER)

Submitted via email: [ResetCoord@aer.gov.au](mailto:ResetCoord@aer.gov.au).

Dear Ms Savage

**Basslink Consultation Paper: Amendments to the Commencement and Process Paper**

Hydro Tasmania welcomes the AER's 26 June 2025 decision to regulate Basslink as a prescribed transmission service and supports the corresponding amendments to the Commencement and Process Paper. The Commencement and Process lays out the key milestones and decisions the AER will make over the next 12 months. In implementing the AER's process, Hydro Tasmania:

- Supports the proposed Draft and Final Decision dates (12 September 2025 and 27 February 2026 respectively) as enabling the regulatory transition by 1 July 2026.
- Highlights the importance of ongoing capital investment in Basslink, particularly given the operational complexity of it being Australia's largest subsea infrastructure asset and reflective of an asset that has been in service since 2006.
- Urges the early consideration of the Frequency Control System Protection Scheme (FCSPS), recognising its critical role in enabling the full capacity of the interconnector being available and the benefit that provides as well as its operational function and service-based delivery model.
  - Requests that the AER provide clarity on the treatment of FCSPS within APA's regulated opex allowance, including the mechanism by which services under the scheme will be procured and costed. Early guidance in this area will support alignment among service providers and ensure continuity of this critical system protection function.
- Reaffirms Hydro Tasmania's commitment to constructive engagement throughout the regulatory determination process and will be providing further insight into the technical and operational requirements of the FCSPS, to support well-informed and sustainable regulatory outcomes.

Hydro Tasmania also wishes to flag the importance of establishing the Settlement Residue Auction (SRA) process for Basslink. Hydro Tasmania recommends that this process is commenced as soon as practical to help provide early signals to the market on the availability of hedging instruments and the approach to auctioning units. Given the tight timeframe between now and when Basslink would commence operation as a TNSP, Hydro Tasmania considers that a flexible approach from the AER and AEMO may be needed to support an effective SRA process.

Hydro Tasmania remains available to engage further with the AER and stakeholders as required. If you would like to discuss any aspect of this submission, please contact John Cooper [REDACTED]



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Yours sincerely



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