

# Preliminary Position Paper

Hunter-Central Coast RNI Project  
(non-contestable)

(1 July 2026 to 30 June 2031)

## Supplementary Appendix: Adjustment mechanisms

August 2025

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# Introduction

This supplementary appendix to the AER's Preliminary position paper deals with Ausgrid's proposed adjustment mechanisms, particularly those relating to 'procurement induced cost uncertainty' events. This material was not included in the body of the Preliminary position paper because we needed to complete our assessment of the merits of Ausgrid's claims that this information was confidential and/or commercially sensitive.<sup>1</sup>

We have now completed our assessment of the claims. This supplementary appendix firstly discusses our position on confidentiality and transparency (section A.1) and secondly discusses the content of the adjustment mechanisms (section A.2). Finally, for ease of stakeholder reference, we have included a table containing the newly-published adjustment mechanisms (section A.3).

## Invitation for submissions

The closure date for general submissions in response to the Preliminary position paper was originally 4 September 2025. However, to allow stakeholders to consider this additional material on adjustment mechanisms, we will accept submissions until **10 September 2025**.

Submissions should be sent to [REZ@aer.gov.au](mailto:REZ@aer.gov.au) with the subject line: '*Submission on the HCC Project*'. We prefer that all submissions be sent in an electronic format in Microsoft Word or other text-readable document form and are publicly available, to facilitate an informed, transparent, and robust consultation process. We will treat submissions as public documents unless otherwise requested. For further information regarding our use and disclosure of information, see the [ACCC/AER Information Policy](#).

We request parties wishing to submit confidential information:

- provide a non-confidential version of the submission in a form suitable for publication.
- clearly identify the information that is the subject of the confidentiality claim.

All non-confidential submissions will be placed on our website.

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<sup>1</sup> AER, *Preliminary position paper – Ausgrid – Hunter-Central Coast REZ non-contestable project 2026-31*, 7 August 2025, p. 4.

## A. Adjustment mechanisms

### A.1 Confidentiality and transparency

Ausgrid made a large number of confidentiality claims in relation to information contained in its revenue proposal.<sup>2</sup> Only a very limited subset of these claims relate to this supplementary appendix on adjustment mechanisms, which the AER considers is important to discuss openly and transparently as part of its preliminary position.

#### **Confidentiality and publication under the EII framework**

Under the EII framework, the AER *may* publish information given to us—such as information in a revenue proposal—relating to a non-contestable revenue determination.<sup>3</sup> However, if we are satisfied that the material is confidential and/or commercially sensitive, we must not publish this information.<sup>4</sup>

This means that if we are not satisfied that specific information provided to us is confidential or commercially sensitive,<sup>5</sup> it is open to us to publish that material.

However, when we reach the stage of publishing our revenue determination, the framework differs slightly. The starting point under the EII Regulation is that we *must* publish the revenue determination.<sup>6</sup> We may decide not to publish a part of our determination<sup>7</sup> if we are satisfied that it is not appropriate after considering the following three factors:<sup>8</sup>

- the public interest,
- the extent to which publishing the part of the revenue determination would disclose information that is confidential or commercially sensitive, and
- the effect of publishing the part of the revenue determination on future competitive assessment processes.

This is an on-balance framework that has regard to whether the underlying information is confidential or commercially sensitive. It also has regard to the public interest, which may be positively or negatively affected by disclosure of information. Similarly, we have regard to the

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<sup>2</sup> Ausgrid calculated that 44% of the pages in its submission included information that was subject to a claim of confidentiality. This figure excludes the Draft Project Deed and Commitment Deed, which were claimed as confidential in their entirety—if these were included, then 73% of the pages in its submission included information that was subject to a claim for confidentiality. Ausgrid, *2026-31 HCC RNI Project – Revenue proposal, Attachment 9.5 – Confidentiality Claims – PUBLIC*, 16 May 2025, p. 12.

<sup>3</sup> EII Regulation, cl. 53(7).

<sup>4</sup> EII Regulation, cl. 53(8).

<sup>5</sup> The AER makes each assessment at a particular point in time based on the information available to it. The AER will reconsider the merits of any confidentiality claims for the publication of the revenue determination.

<sup>6</sup> EII Regulation, cl. 53(1)(a)(i)

<sup>7</sup> ‘Determination’ here is broadly defined as ‘determination, notice, reasons or schedule’ so as to include the full range of material published with different types of revenue determinations. We have abbreviated for legibility.

<sup>8</sup> EII Regulation, cl. 53(6).

positive or negative effect of disclosure on future competitive processes. Assessing individual claims against the factors is necessarily a matter of regulatory judgement.

### **The relevant confidentiality claims**

In its revenue proposal, Ausgrid claimed confidentiality with respect to six of its proposed adjustment mechanisms.<sup>9</sup> These adjustment mechanisms and Ausgrid's specific confidentiality claims were:

- Four adjustment mechanisms under the 'Procurement induced uncertainty events' category:<sup>10</sup>
  - Unavoidable change in contractor costs
  - Enabling activities
  - Unavoidable design change
  - Delay in execution of contractual arrangements.
- Two adjustment mechanisms under the 'EnergyCo contractual compliance events' category:<sup>11</sup>
  - DSP change adjustment event
  - Force majeure event under contractual arrangements with the Infrastructure Planner (claim over specific details only– see below).

Ausgrid's initial confidentiality claims over five of these six adjustment mechanisms were all-encompassing, including the name of each adjustment mechanism, all detail on how each proposed mechanism would operate, and the rationale for each. The sixth initial claim was a more limited claim covering only the specific criteria defining a force majeure event as part of the 'Force majeure event under contractual arrangements with the Infrastructure Planner' adjustment mechanism.

The public version of Ausgrid's revenue proposal had this material redacted, both in the body of the proposal and in the relevant attachments. This version of the revenue proposal was published on the AER website shortly after submission, once the initial AER compliance check was completed.

Ausgrid's revenue proposal provided the following (public) justification as to why the information about these six adjustment mechanisms was 'confidential or commercially sensitive':<sup>12</sup>

Information, if made public, could hinder Ausgrid's ability to negotiate subcontracts and contractor services within the bounds of the HCC Commitment Deed and Draft Project Deed. ... If the information is made public,

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<sup>9</sup> Adopting the language used in Ausgrid's proposal, we use the label 'confidentiality claims' to refer to claims for non-disclosure of specific proposal elements that are confidential and/or commercially sensitive.

<sup>10</sup> Ausgrid, *2026-31 HCC RNI Project – Revenue proposal*, 16 May 2025, pp. 87–89; Ausgrid, *2026-31 HCC RNI Project – Revenue proposal, Attachment 8.1 – Adjustment mechanisms*, 16 May 2025, pp. 20–27.

<sup>11</sup> Ausgrid, *2026-31 HCC RNI Project – Revenue proposal*, 16 May 2025, pp. 86–87; Ausgrid, *2026-31 HCC RNI Project – Revenue proposal, Attachment 8.1 – Adjustment mechanisms*, 16 May 2025, pp. 14–19.

<sup>12</sup> Ausgrid, *2026-31 HCC RNI Project – Revenue proposal, Attachment 9.5 – Confidentiality Claims – PUBLIC*, 16 May 2025, p. 4.

it would likely lead to opportunistic behaviour that results in Ausgrid paying higher costs than would otherwise be the case. For example, if it is in the public domain that Ausgrid may pass through higher costs to customers, the counterparty may inflate its prices resulting in a higher cost to customers.

Information, if made public, could hinder EnergyCo's ability to negotiate similar positions on future EII infrastructure deals.

Consumer representatives submitted that the lack of transparency in the EII framework compromised the ability for consumers to have input into important aspects of Ausgrid's proposal.<sup>13</sup>

### **The consultation process**

We have policies and procedures for the handling of confidential information.<sup>14</sup> We recognise that there may be sound reasons why some information provided to us in the course of regulatory decision making should not be publicly disclosed. There is a balance between protecting genuinely confidential information and ensuring that stakeholders can access sufficient information on issues affecting their interests.

We carefully considered Ausgrid's confidentiality claims regarding the six adjustment mechanisms. To this end, our process included engagement with Ausgrid and EnergyCo, which indicated we were not satisfied that the information was confidential and/or commercially sensitive and provided the opportunity for the parties to submit further information as to their claims.

Ausgrid ultimately advised that it no longer pressed the majority of its confidentiality claims, with exceptions relating to points of specific detail in two of the adjustment mechanisms where it still maintained that the information was confidential and/or commercially sensitive.<sup>15</sup> EnergyCo indicated that it too withdrew most of its claims, but requested confidentiality be maintained for the same specific details indicated by Ausgrid.<sup>16</sup>

### **Assessment of revised confidentiality claims**

This section presents our assessment of the remaining, very limited, claims for confidentiality. As noted above, both parties withdrew their claims for confidentiality over the relevant adjustment mechanisms, but for the following two exceptions:

- Ausgrid submitted that a specific area of detail in the 'Unavoidable change in contractor costs' adjustment mechanism was not public knowledge, in that it was dissimilar to existing (public) adjustment mechanisms.<sup>17</sup> The nature of this area of detail meant

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<sup>13</sup> Ausgrid Customer Panel, *Submission – Hunter Central Coast RNI Project – 2026-31 Revenue Proposal*, May 2025, p. 1.

<sup>14</sup> AER, *Transmission Efficiency Test and revenue determination guideline for non-contestable network infrastructure projects*, July 2024, pp. 18–20; see also AER, *Confidentiality Guideline – Electricity Infrastructure Investment Act, Draft*, 3 August 2023.

<sup>15</sup> Ausgrid, *Response to letter regarding confidentiality claims*, 11 August 2025.

<sup>16</sup> EnergyCo, *Response to letter regarding confidentiality claims*, 11 August 2025.

<sup>17</sup> Ausgrid, *Response to letter regarding confidentiality claims*, 11 August 2025, pp. 1–2.

disclosure could cause increased costs for Ausgrid not just in the context of the HCC RNI Project but for future projects. This potential financial harm meant it should be treated as commercially sensitive and not disclosed. EnergyCo supported this claim.<sup>18</sup>

- Ausgrid submitted that one specific type of detail in the ‘Delay in execution of contractual arrangements’ adjustment mechanism—namely the date references throughout the mechanism—was commercially sensitive.<sup>19</sup> Ausgrid acknowledged that this general type of adjustment mechanism was already public knowledge, but this did not extend to the actual dates themselves. Disclosure of this date to other counterparties could result in financial harm to Ausgrid. EnergyCo supported this claim.<sup>20</sup>

We consider that the parties provided sufficient basis to consider the details confidential or commercially sensitive. On the first point, we accept that this is a unique (non-standard) aspect for an adjustment mechanism and that disclosure could result in potential financial harm to Ausgrid (including through the impact on other projects). On the second point, there is a reasonable case that, even though the overall type of adjustment mechanism is public knowledge, the specific date references are not.

We consider these two claims to be finely balanced towards commercial sensitivity, and note that should the adjustment mechanism be proposed again it may no longer be considered as non-standard. We also note that for both aspects, the confidentiality claim is expressed at the lowest (most specific) level where there are particular details not available to potential counterparties. We consider that the level of description included in this appendix is sufficient for consumers to meaningfully engage with the adjustment mechanisms without those two specific details.

Broadly equivalent reasoning also leads us to consider that two appendices referred to in the ‘Unavoidable change in contractor costs’ adjustment mechanism are commercially sensitive. These appendices set out detailed pricing calculations. The use of pricing tables and pricing formulae is commonplace and so the general nature of these appendices ought not be considered confidential. However, the specific expression is unique to Ausgrid. We consider there is reasonable link to potential financial harm for Ausgrid were this information disclosed, including through the impact on other Ausgrid projects.

This means we are satisfied the following items are confidential and/or commercially sensitive:<sup>21</sup>

- a specific area of detail in the ‘Unavoidable Change in Contractor Costs’ adjustment mechanism; and
- the references to specific dates in the ‘Delay in Execution of Contractual Arrangements’ adjustment mechanism.

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<sup>18</sup> EnergyCo, *Response to letter regarding confidentiality claims, Attachment 1*, 11 August 2025, p. 1.

<sup>19</sup> Ausgrid, *Response to letter regarding confidentiality claims*, 11 August 2025, pp. 2-3.

<sup>20</sup> EnergyCo, *Response to letter regarding confidentiality claims, Attachment 1*, 11 August 2025, p. 2.

<sup>21</sup> This decision is not determinative of our subsequent assessment and decision on claims for non-disclosure in the publication of the final revenue determination.



- appendices A and B of Attachment 8.1 to Ausgrid's revenue proposal, which contain pricing calculations and are referred to in the 'Unavoidable change in contractor costs' adjustment mechanism.

Sections of this supplementary appendix dealing with these items have been redacted (section A.3).<sup>22</sup>

### **Publication of the adjustment mechanisms**

Having found that the majority of the material relating to the adjustment mechanisms is not confidential or commercially sensitive, it is open to us to consider publication of this material.<sup>23</sup> In our deliberations, with a view to regulatory consistency, we have considered the same factors we will consider when publishing our final revenue determination. These factors are:

- the public interest
- the extent to which publishing the part of the revenue determination, notice, reasons or schedule would disclose information that is confidential or commercially sensitive
- the effect of publishing the part of the revenue determination, notice, reasons or schedule on future competitive assessment processes.

In considering our discretion to publish the information, we had regard to submissions by Ausgrid and EnergyCo relating to the potential impact of disclosure on the negotiating position of Ausgrid (with subcontractors) or EnergyCo (with future Network Operators) and the impact on costs paid by consumers. While this was presented to us as reasons why the adjustment mechanisms were confidential and/or commercially sensitive, the underlying concern relates to public interest and the impact on future competitive processes.

We have considered the potential increase in final costs recovered from consumers arising from disclosure of this information. The counterparties are reasonably expected to already be aware of these types of adjustment mechanisms. From this basis, there appears to be no material change in negotiating positions or the relevant incentives on the parties. More specifically:

- In ongoing or future negotiations with subcontractors, Ausgrid remains incentivised to negotiate strongly with all subcontractors as it knows the AER will not approve any pass through of costs under this mechanism unless Ausgrid is able to demonstrate that the relevant costs are prudent, efficient and reasonable. The subcontractors (appointed from Ausgrid's existing procurement panels) are large businesses with an understanding of regulatory frameworks.
- In any future non-contestable process between EnergyCo and a prospective Network Operator, the small pool of potential Network Operators (Transgrid, Ausgrid, Endeavour Energy or Essential Energy) are likely to be experienced in the building block framework. At the contractual stage, the baseline expectation is that the Network Operator proposes many adjustment mechanisms; and that EnergyCo is likely to accept few of these. At the regulatory proposal stage, the key test remains whether we consider the proposed

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<sup>22</sup> EII Regulation, cl. 53(8).

<sup>23</sup> EII Regulation, cl. 53(7).

adjustment mechanisms are efficient, prudent and reasonable. It is not lack of awareness of the potential for these adjustment mechanisms that drives outcomes.

On this basis, we consider disclosure would cause negligible change in the strength of negotiating positions, either now or for future competitive assessment processes. We do not expect any increase in costs to consumers attributable to the disclosure would be material.<sup>24</sup> However, to the extent that an increase was to occur, this would not be in the public interest, and potentially a reason not to publish information on the adjustment mechanisms.

In its most recent submission Ausgrid engaged with our reasoning that if it incurred increased costs as a result of disclosure of the adjustment mechanisms, those increased costs could in turn be recovered from consumers under the adjustment mechanism.<sup>25</sup> It stated that this logic was only true if it made a successful application under the adjustment mechanism. Ausgrid would incur financial harm if the AER denies the adjustment or if there is a cap on claims (where the cap is less than the increase in costs incurred by Ausgrid).

We accept that there is potential financial harm to Ausgrid in a scenario where it unsuccessfully applies for an adjustment. However, we do not consider that this potential harm arises from disclosure of the adjustment mechanism. The key principle is that if it was inefficient to incur the increased costs, the AER should not approve the proposed adjustment and Ausgrid should appropriately bear the inefficient expenditure. Disclosure does not materially alter the negotiating framework or likelihood of inefficient expenditure; if anything, this aspect of the framework strengthens Ausgrid's incentive and ability to reject ambit claims by a subcontractor.<sup>26</sup> We acknowledge that the imposition of caps (on individual adjustment mechanisms or in aggregate) can materially alter risk exposure for Ausgrid and consumers, and this is a relevant point we return to later in this supplementary appendix.

Returning to our broader assessment, we consider there is a strong public interest case for disclosure of information on the adjustment mechanisms. Transparency is vital to preserving confidence in the regulatory framework and social licence. In this case, the importance is heightened because the adjustment mechanisms go to the allocation of risks and costs between the Network Operator and consumers. Keeping the material confidential prevents consumers from being informed about the potential risks they bear. Absent publication of this information, stakeholders cannot engage in informed discussion on the merits of the revenue proposal.

We acknowledge Ausgrid's responsiveness and effort to address this concern by providing material on the confidential adjustment mechanisms to its Customer Panel and the AER's Consumer Challenge Panel under a confidentiality deed.<sup>27</sup> This is a constructive step. However, it does not allow the broader set of stakeholders, including consumers more

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<sup>24</sup> This is distinct from the potential increase in costs to consumers attributable to the approval of the adjustment mechanisms themselves, which could be highly material (as discussed later in this appendix).

<sup>25</sup> Ausgrid, *Response to letter regarding confidentiality claims*, 11 August 2025, p. 3.

<sup>26</sup> That is, Ausgrid can refute any subcontractor claim that the subcontractor can apply for unjustified cost increases simply because there exists an adjustment mechanism to pass through that type of increase to customers.

<sup>27</sup> Ausgrid provided the information to relevant members of its Customer Panel under a confidentiality deed. Separately, the AER provided the confidential material to the relevant member of its Consumer Challenge Panel under a confidentiality deed.

generally, to engage and participate in discussion on the proposed adjustment mechanisms. The Ausgrid Customer Panel and the AER Consumer Challenge Panel were the only parties to make submissions on the initial revenue proposal, and each was aware of the confidential adjustment mechanisms. But other consumers may well have made submissions had they been aware of all of the adjustment mechanisms being proposed by Ausgrid.

We welcome decisions by Ausgrid and EnergyCo to retract most of the initial confidentiality claims over the adjustment mechanisms. We consider that having most of the details and rationale behind the adjustment mechanisms publicly available increases transparency for stakeholders and facilitates informed engagement on the revenue proposal.

On balance, we consider that it is in the long-term interest of consumers for the information on the relevant adjustment mechanisms to be made public. The exceptions to this are to exclude confidential and/or commercially sensitive material. Specifically, we have decided to disclose:<sup>28</sup>

- Unavoidable change in contractor costs—name, details and rationale;
  - with the exception of details that we are satisfied are confidential/commercially sensitive (i.e. one specific area in the body of the mechanism, and the two appendices setting out detailed pricing calculations)
- Enabling activities—name, details and rationale
- Unavoidable design change—name, details and rationale
- Delay in execution of contractual arrangements—name, details and rationale;
  - with the exception of details that we are satisfied are confidential/commercially sensitive (i.e. specific date references)
- DSP change adjustment event—name, details and rationale.
- Force majeure event under contractual arrangements with the Infrastructure Planner—details of force majeure definition (noting that name and overall details were already public).

In section A.3 we have included the details of the adjustment mechanisms in Table 1 for the relevant procurement induced cost uncertainty events and Table 2 for the relevant contractual compliance events.

## A.2 Procurement induced cost uncertainty events

In our HCC RNI Project preliminary position paper, we discuss that Ausgrid proposed seven adjustment mechanisms which it categorised as ‘procurement induced cost uncertainty events’.<sup>29</sup> These comprise:

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<sup>28</sup> In this list, the ‘name, details and rationale’ refers to the content provided on each adjustment mechanism in attachment 8.1 to Ausgrid’s revenue proposal in the main table (columns ‘Event’, ‘Definition per the Commitment Deed’, ‘Explainer’, ‘Ausgrid rationale’). It does not extend to the appendices of this attachment, which contain further detailed pricing calculations.

<sup>29</sup> AER, *Preliminary position paper – Ausgrid – Hunter-Central Coast REZ non-contestable project 2026-31*, August 2025.

- Contractor force majeure
- Land acquisition and planning costs
- Unforeseen artefacts, native title claims or contamination
- Four other events which were initially subject to all-encompassing confidentiality claims in Ausgrid's revenue proposal (as discussed in section A.1), specifically:
  - Unavoidable change in contractor costs
  - Enabling activities
  - Unavoidable design change
  - Delay in execution of contractual arrangements.

Ausgrid proposed that the adjustment mechanisms for its procurement induced cost uncertainty events reflect the unique procurement process for the HCC RNI Project, which has resulted in a higher than usual degree of uncertainty around certain cost items at the revenue proposal stage.<sup>30</sup> Ausgrid clarified that much of this uncertainty was brought about by the confidentiality restrictions imposed upon it by EnergyCo during the project procurement phase. Due to the confidential nature of the procurement process, Ausgrid stated it was unable to consult with landowners, local authorities<sup>31</sup> and Transgrid (as the main NSW transmission network service provider) until late December 2024.<sup>32</sup> Ausgrid also stated that this delay in its ability to consult prevented it from completing more detailed cost estimates prior to submitting its expenditure forecasts in its revenue proposal.<sup>33</sup>

Ausgrid included risk cost contingencies for costs it could reasonably estimate in its capital expenditure (capex) forecast. However, it did not include costs that were either:

- not able to be reasonably estimated due to the level of uncertainty, or
- events which had a low probability of occurring but high costs if they did occur.

Ausgrid submitted that including these costs in the capex forecast at this stage would increase the likelihood of consumers overpaying for capex given the uncertainty of occurrence, timing and magnitude of these events. As such, Ausgrid proposed to recover these costs through the adjustment mechanisms (should they occur) as the best method of risk allocation. We describe the 4 procurement induced cost uncertainty events over which confidentiality was previously claimed further in Table 1 at the end of this appendix (section A.3). We previously published on our website a version of Attachment 8.1 of Ausgrid's proposal that only included the titles and descriptions of Ausgrid's proposed adjustment mechanisms over which no confidentiality claims were made.<sup>34</sup> We will update the website

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<sup>30</sup> Ausgrid, *2026-31 HCC RNI Project – Revenue proposal*, 16 May 2025, p. 87.

<sup>31</sup> Ausgrid, *2026-31 HCC RNI Project – Revenue proposal, Attachment 8.1 – Adjustment mechanisms*, 16 May 2025, p. 24.

<sup>32</sup> Ausgrid, *2026-31 HCC RNI Project – Revenue proposal, Attachment 8.1 – Adjustment mechanisms*, 16 May 2025, p. 20.

<sup>33</sup> Ausgrid, *2026-31 HCC RNI Project – Revenue proposal*, 16 May 2025, p. 87.

<sup>34</sup> Ausgrid, *2026-31 HCC RNI Project – Revenue proposal, Attachment 8.1 – Adjustment mechanisms*, 16 May 2025.

version of Ausgrid's revenue proposal and attachments to reflect our decision on confidentiality claims over adjustment mechanisms.<sup>35</sup>

### **Our preliminary position**

As outlined in our HCC RNI Project preliminary position paper, we acknowledge that Ausgrid's stakeholder engagement and its ability to conduct its usual due diligence was limited due to the confidentiality restrictions on the HCC RNI Project procurement process. We consider that these circumstances significantly impacted Ausgrid's ability to estimate some of its costs in time for submission of its proposal.

As Ausgrid's proposed procurement induced cost uncertainty events costs have a very large degree of uncertainty associated with them, including these costs in the capex forecast would increase the likelihood of consumers overpaying for capex. As such, we consider that Ausgrid's proposed recovery of these costs through a revenue adjustment mechanism is likely appropriate.

At this stage of our assessment, we consider the risks associated with the 'Enabling activities' and 'Delay in execution of contractual arrangements' adjustment mechanisms may be outside of Ausgrid's control. As such, Ausgrid may not be able to meaningfully respond to any imposed constraints. In contrast, we consider that the risks associated with the 'Land acquisition and planning costs', 'Unavoidable change in contractor costs', and 'Unavoidable design change' adjustment mechanisms are at least partially within Ausgrid's control. As such, Ausgrid is best placed to manage these risks.

We consider that under a standard procurement process without these confidentiality restrictions, these risks would have been accounted for within Ausgrid's forecast expenditure. As such, Ausgrid would have incentive under the Capital Expenditure Sharing Scheme (CESS) to efficiently incur costs under these events. However, such incentives are removed under an adjustment mechanism that potentially allows for as-incurred cost recovery. Additionally, we are also concerned with the open-ended nature of these 3 adjustment events. Here 'open-ended' means the probability and impact of the adjustment mechanism is not currently able to be reasonably estimated and there are no proposed constraints to limit risk for consumers. As such, consumers face substantial uncertainty around the potential likelihood and impact of these events for which they are being asked to bear the risk.

Specifically, we are concerned with the high probability and potential impact of the 'Land acquisition and planning costs' and 'Unavoidable change in contractor costs' adjustment mechanisms. The definitions of both mechanisms include clauses that allow Ausgrid to recover the difference in costs between its forecast capex values and its incurred costs for these categories. We consider that these clauses ensure that cost recovery under these mechanisms is almost certain and reduce the incentive for Ausgrid use its negotiating power to minimise these components of its forecast capex.

In response to our request for further information, Ausgrid provided high level cost estimates for maximum claim amounts under the 'Land acquisition and planning costs', 'Unavoidable

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<sup>35</sup> See <https://www.aer.gov.au/industry/registers/determinations/hunter-central-coast-renewable-energy-zone-network-infrastructure-project-non-contestable>.

change in contractor costs’, and ‘Unavoidable design change’ adjustment events. Ausgrid’s high-level estimates for both the land acquisition and planning costs,<sup>36</sup> and the unavoidable change in contractor costs indicate a possible 50% increase in its forecast costs for those items.<sup>37</sup>

For the Unavoidable Design Change event, Ausgrid provided high-level estimates for maximum claim amounts that were categorised as preliminary (that is, Class 5 estimates). This was due to the very high level of uncertainty surrounding this event making it much more difficult to estimate the potential impact. By their nature, Class 5 estimates are a rough order of magnitude estimate, and actual costs could be 50% lower or 100% higher than the initial estimate.<sup>38</sup> While the ‘Unavoidable Design Change’ event is less likely to occur than the other two mechanisms, the magnitude of the potential impact could still change the costs of the project considerably, after our revenue determination.

Altogether, maximum claim amounts could represent a significant proportion of the total capex (over 50% according to Ausgrid’s high-level estimates).<sup>39</sup> We are concerned that if we allow adjustment mechanisms for all these events, we may transfer responsibility for bearing a considerable portion of the risk of the project from Ausgrid to electricity consumers. In addition, if the magnitude of these costs is high enough, it could substantially weaken our incentive-based regulatory framework. As such, we are currently exploring several potential approaches to limit the scope/cost of adjustment events, including applying a maximum recovery cap, a delayed capex forecast adjustment, and/or further assessment of the adjustment at the time it is triggered and applied for.

Ausgrid has significant concerns about using these high-level estimates as caps on these adjustment mechanisms stating that the events addressed in the adjustment mechanisms are, by their nature, uncertain and very difficult to estimate.<sup>40</sup> It submitted that if caps are to be considered, the caps must allow for extreme instances of the event (that is, those events which have low probability of occurring but high impact if they do). If caps are to be imposed on these adjustment events, Ausgrid proposed a single aggregate cap be applied, encompassing all claims across the three adjustment events. The aggregate cap proposed by Ausgrid was very large.

We consider that the level of uncertainty in these adjustment mechanisms is such that a cap, either on individual mechanisms or in aggregate, would need to be very large—far larger than the most recent example of this approach, when we imposed a \$30 million cap on a specific adjustment mechanism in our 2024–29 Waratah Super Battery determination.<sup>41</sup> Imposing a cap provides a limit for consumers against extreme outcomes, but would be difficult to set reasonably while still allowing Ausgrid to recover its prudent and efficient costs.

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<sup>36</sup> This is only the uplift in land acquisition and planning costs, not the costs arising from a legal challenge or environmental notice.

<sup>37</sup> Ausgrid, *HCC RNI Project 2026-31 – IR#006*, 18 July 2025.

<sup>38</sup> Ausgrid, *HCC RNI Project 2026-31 – IR#006*, 18 July 2025.

<sup>39</sup> Ausgrid, *HCC RNI Project 2026-31 – IR#006*, 18 July 2025.

<sup>40</sup> Ausgrid, *HCC RNI Project 2026-31 – IR#006*, 18 July 2025.

<sup>41</sup> AER, *Transgrid 2024-29 - Draft Decision - WSB project (Non-contestable)*, September 2023, pp. 66–67.

Such a cap would likely serve more as a theoretical limit rather than one which would incentivise Ausgrid to efficiently incur capex.

We are also considering modifying these adjustment mechanisms to include a ‘delayed capex forecast’ approach. Under such an approach, we could require Ausgrid to provide an updated forecast of the costs of its adjustment mechanisms over the 2026–31 forecast regulatory period, at a scheduled point in time where it can reasonably estimate these costs. Then, after we assess and determine the prudent, efficient and reasonable forecast capex, we may incorporate these forecast adjustment mechanism costs into Ausgrid’s approved HCC RNI Project forecast capex.

Under this approach, we expect the adjustment event would be a one-off revenue adjustment, and the adjustment mechanism/s would expire upon our approval of the forecast adjustment event costs. As these costs will be added to the capex forecast, they would be subject to the CESS. This would incentivise Ausgrid to efficiently manage these risks, efficiently incur capex, and share the costs (benefits) of overspends (underspends) relative to the updated forecast capex with consumers. If the magnitude of the change is significant, we may decide it is necessary to review and remake our determination to adjust for the changes to expenditure from the revenue adjustment.

We consider that the primary challenge of applying a delayed capex forecast approach to these adjustment mechanisms would come from determining the appropriate timing of when the costs could be forecast. In response to our request for further information, Ausgrid provided an estimated timeline for when it would be able to adequately forecast the costs of some adjustment mechanisms:<sup>42</sup>

- For certain adjustment mechanisms, particularly the ‘Unavoidable Change in Contractor Costs’ adjustment mechanism, Ausgrid’s anticipated dates extend beyond the expected construction period of the project.
- For the ‘Land acquisition and planning costs’ event, Ausgrid claimed that although it aims to agree property and easement values with most landowners promptly, the final compensation amounts remain subject to potential legal challenge. It also stated that the risk of challenge to planning approvals follows a similar timeframe.
- Similarly, for the ‘Unavoidable Change in Contractor Costs’ adjustment mechanism, Ausgrid submitted that while there is any uncertainty around route, design or program, there is risk of additional costs to address changes or delays. Additionally, Ausgrid’s supply contracts allow the price of steel poles and conductors to move in line with certain indices pursuant to a contractual formula, with price adjustments calculated at the time of submitting a purchase order.
- Ausgrid stated the costs associated with a change in the project route under the ‘Unavoidable Design Change’ adjustment mechanism, would be able to be estimated once the final design is completed. The timeline for completing final design could be delayed by legal challenges, planning approval issues, or environmental notices under the land acquisition and planning costs event.

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<sup>42</sup> Ausgrid, *HCC RNI Project 2026-31 – IR#006*, 18 July 2025.



We are still considering whether there are reasonable approaches that can be taken to overcome these timing delays and enable earlier forecasting of these adjustment mechanism costs.

Finally, potentially in conjunction with either a cap or a delayed capex forecast, we are considering the extent of AER scrutiny of costs at the time when an adjustment mechanism is triggered and applied for. In some cases, adjustment mechanisms may be applied more mechanically without a full review and remake of the determination. In other cases, we may assess the degree to which the proposed costs are prudent, efficient and reasonable.<sup>43</sup> Revenues would only be adjusted to reflect costs that met these requirements.

This approach was foreshadowed in Ausgrid's proposal:<sup>44</sup>

Ausgrid expects that in assessing the additional costs or cost savings due to an adjustment event, the AER will have regard to, amongst other things, whether the additional costs or cost savings are prudent, efficient and reasonable.

Given this, we are considering the scope of our assessment of proposed costs (or cost savings) for each of the procurement induced cost uncertainty adjustment events. The most rigorous form of this approach would be to require a full review and remake of the revenue determination to implement an adjustment, but this would not appear to be necessary for all adjustment mechanisms.<sup>45</sup> Our particular focus for this type of safeguard is applying it to the 'Land acquisition and planning costs', 'Unavoidable change in contractor costs', 'Unavoidable design change' and 'Force Majeure Event under contractual arrangements with the Infrastructure Planner' adjustment mechanisms.<sup>46</sup>

There are practical issues to be resolved around how we would examine proposed costs when an adjustment application is made, including the extent to which we might specify in the adjustment mechanism the material to be submitted in support of an adjustment. We might also apply a materiality threshold to address concerns about the resourcing impact on the Network Operator and the AER.

We encourage stakeholders to engage with Ausgrid's arguments and our potential solutions by making a submission to our preliminary position paper, including the information provided in this supplementary appendix.

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<sup>43</sup> EII Regulation, cl. 51(2)(b).

<sup>44</sup> Ausgrid, *2026-31 HCC RNI Project – Revenue Proposal, Attachment 8.1 – Adjustment mechanisms*, 16 May 2025, p. 2.

<sup>45</sup> As a simple example, Ausgrid proposed several 'automatic adjustment' events where revenue adjustment flows automatically from a trigger event (for example, updated data on inflation becoming available). See Ausgrid, *2026-31 HCC RNI Project – Revenue Proposal, Attachment 8.1 – Adjustment mechanisms*, 16 May 2025, pp. 6–7.

<sup>46</sup> Ausgrid proposed that it would consolidate all adjustment events in a given year into one annual submission, which may mean the review and remake would end up affecting all adjustments in that year. Ausgrid, *2026-31 HCC RNI Project – Revenue Proposal, Attachment 8.1 – Adjustment mechanisms*, 16 May 2025, p. 2.



## A.3 Tables showing proposed adjustment mechanisms

**Table 1 Ausgrid’s proposed adjustment mechanisms – procurement induced cost uncertainty events – newly public mechanisms**

Proposed adjustment mechanism	Definition	Ausgrid rationale	Our preliminary position
Unavoidable Change in Contractor Costs	<p>An unavoidable change in contractor costs event occurs if Ausgrid incurs an unavoidable contract price or other contractual component price escalation or indexation, adjustment, variation, replacement or substitution.</p> <p>The unavoidable change in contractor costs is the change in design and construction costs incurred by Ausgrid (whether under works, supply or other contractual arrangement), and including, for the avoidance of doubt, arising from the following trigger events:</p> <p>i) materials costs for steel poles or conductors are higher or lower than the base prices set out in Ausgrid’s supply contracts, due to pricing adjustments calculated in accordance with the pricing formulae in those supply contracts;*</p> <p>ii) [redacted]</p>	<p>The unavoidable change in contractor costs nominated adjustment event is necessary to reflect that:</p> <ul style="list-style-type: none"> <li>materials prices may be adjusted for economic factors outside of Ausgrid’s control, such as metals prices or exchange rates;</li> <li>[redacted]</li> <li>at the current stage of design for the project, pricing under Major Subcontracts, for reasons outside of Ausgrid’s control, is yet to be finalised. This reflects the unusual design and procurement pathway for this project, where design is still being finalised but subcontractors are required to hold firm pricing for an extended period (~12 month) before contracts are fully committed and signed.</li> </ul> <p>Until the announcement of Ausgrid as recommended network operator in late 2024, Ausgrid had been unable to conduct many of the usual community engagement and due diligence activities due to tight confidentiality restrictions. For example, Ausgrid had not been able to engage with landholders regarding land access and route design, nor had it been able to conduct detailed due diligence on matters that might impact delivery costs.</p>	<p>We consider that the level of uncertainty surrounding this event, and its potential magnitude, is such that including these costs in Ausgrid’s capex forecast currently would increase the likelihood of consumers overpaying for capex.</p> <p>As such, we consider that Ausgrid’s proposed recovery of these costs through the revenue adjustment mechanism may be appropriate.</p> <p>We are still considering whether the application of a maximum recovery cap (individual or in aggregate), or a delayed capex forecast should be applied to this event.</p> <p>If the magnitude of the change is significant, we may decide it is necessary to review and remake our determination to</p>

Proposed adjustment mechanism	Definition	Ausgrid rationale	Our preliminary position
	<p>*If a pole or conductor type is used that is not listed in Ausgrid's supply contract (New Pole/Conductor), the pricing adjustment will be undertaken on the base price of the pole or conductor type which is most similar to the New Pole/Conductor.</p>	<p>Accordingly, several key cost drivers are yet to be finalised. It is therefore necessary to allow for adjustments to reflect prudent, efficient, and reasonable updates to current designs and costings.</p> <p>Ausgrid has not included an allowance for pricing changes to poles and conductors in development of the risk (contingency) costs.</p> <p>We have included an allowance for pricing changes in other materials but are relying on this adjustment event for pricing changes to poles and conductors in accordance with contractual terms.</p>	<p>adjust for the changes to expenditure from the revenue adjustment.<sup>47</sup></p> <p>We will assess any revenue adjustment applications under this mechanism for prudence, efficiency and reasonableness in line with the EII Act.<sup>48</sup></p>
Enabling Activities	<p>An Enabling Activities event occurs if:</p> <ul style="list-style-type: none"> <li>i) the actual cost of the Enabling Activities (as defined in the Project Deed) are higher or lower than the forecast amount accepted by the AER in the Revenue Determination; or</li> <li>ii) additional costs arise (including in connection with project delay) from the performance of Enabling Activities by the Enabling Network</li> </ul>	<p>Under the Project Deed, Enabling Activities are activities that will need to be carried out by Transgrid as the Enabling Network Service Provider to allow for completion of the HCC RNI Project.</p> <p>Enabling Activities include works to ensure network compatibility and operational integration with Transgrid's high voltage network. The costs of Enabling Activities are determined by Transgrid and so are outside the control of Ausgrid.</p> <p>An Enabling Activities nominated adjustment event is necessary to reflect that, at the current stage of planning for</p>	<p>We do not have any concerns with the substance of this adjustment mechanism. We consider it allows Ausgrid to recover the prudent, efficient and reasonable additional costs in contracting Transgrid to undertake enabling activities. As Transgrid is the only party capable of undertaking these works, we consider the risks associated with this event may be outside of Ausgrid's control.</p>

<sup>47</sup> EII Regulation, cl. 51(2)(b).

<sup>48</sup> EII Act, s. 37(1)(a).

Proposed adjustment mechanism	Definition	Ausgrid rationale	Our preliminary position
	Service Provider (as those terms are defined in the Project Deed).	<p>the HCC RNI Project, there is a high degree of uncertainty regarding the cost of enabling activities.</p> <p>Until late 2024, Ausgrid had been unable to engage with Transgrid as the Enabling Network Service Provider in relation to the scope and cost of Enabling Activities due to tight confidentiality restrictions during the project procurement phase.</p> <p>Ausgrid has included an allowance for Enabling Activities based on our expectations of the work that will need to be completed. The expected costs are identified in section 5.4.4 of the Revenue Proposal. However, actual costs may be higher or lower than this allowance.<sup>49</sup></p> <p>Ausgrid considers that an adjustment to reflect the actual cost of Enabling Activities is prudent, efficient, and reasonable given that it has no control over the cost of these activities.</p>	<p>We will assess any revenue adjustment applications under this mechanism for prudence, efficiency and reasonableness in line with the EII Act.<sup>50</sup></p> <p>However, we do not expect the magnitude of this adjustment mechanism to require a review and remake of our determination.</p>
Unavoidable Design Change	An unavoidable design change event occurs if there are additional procurement, construction and easement acquisition costs or cost savings arising from a deviation from the use of existing overhead line corridors in accordance with Good Industry Practice (as defined in the	<p>An unavoidable design change nominated adjustment event is necessary to reflect that at this stage Ausgrid has, for reasons outside our control, been unable to finalise project route and associated designs and costings for the HCC RNI Project.</p> <p>Ausgrid's expenditure forecasts assume that it will be able to use existing overhead line corridors. However, in order to</p>	<p>We consider that the level of uncertainty surrounding this event, and its potential magnitude, is such that including these costs in Ausgrid's capex forecast currently would increase the</p>

<sup>49</sup> In response to an information request Ausgrid indicated that it expects the cost of enabling activities will increase from \$1.3 million to \$4.9 million.

<sup>50</sup> EII Act, s. 37(1)(a).

Proposed adjustment mechanism	Definition	Ausgrid rationale	Our preliminary position
	<p>Project Deed) in response to feedback from Government, regulatory authorities, landowners or other asset owners.</p> <p>In assessing the additional costs or cost savings as a result of an Unavoidable design change event, the Regulator will have regard to, amongst other things, whether the additional costs or cost savings are incurred by Ausgrid:</p> <ul style="list-style-type: none"> <li>i) during the Delivery Phase (as defined in the Project Deed);</li> <li>ii) as a result a change from the project design that was assumed for the purposes of the Revenue Determination; and</li> <li>iii) where that change is required to be made due to factors outside of Ausgrid's control.</li> </ul>	<p>confirm use of existing corridors Ausgrid will need to undertake consultation with regulatory authorities, landowners and other asset owners.</p> <p>Ordinarily, Ausgrid would have been able to complete these consultation processes prior to submitting its expenditure forecasts. Due to restrictions placed on Ausgrid during the procurement process, we have not yet been able to complete the required stakeholder engagement and consultation processes.</p> <p>The unavoidable design change adjustment provision therefore allows for either an upward or downward adjustment to account for prudent, efficient, and reasonable changes to the project design to address stakeholder feedback on the route design.</p> <p>Ausgrid has not included an allowance for a design change resulting from a route change in development of the risk (contingency) costs.</p> <p>There is an allowance in risk costs for design change within the current route, but not for deviation from that route.</p>	<p>likelihood of consumers overpaying for capex.</p> <p>As such, we consider that Ausgrid's proposed recovery of these costs through the revenue adjustment mechanism may be appropriate.</p> <p>We are still considering whether the application of a maximum recovery cap (individual or in aggregate), or a delayed capex forecast should be applied to this event.</p> <p>If the magnitude of the change is significant, we may decide it is necessary to review and remake our determination to adjust for the changes to expenditure from the revenue adjustment.<sup>51</sup></p> <p>We will assess any revenue adjustment applications under this mechanism for prudence,</p>

<sup>51</sup> EII Regulation, cl. 51(2)(b).

Proposed adjustment mechanism	Definition	Ausgrid rationale	Our preliminary position
			efficiency and reasonableness in line with the EII Act. <sup>52</sup>
Delay in execution of contractual arrangements	A delay in contractual execution event occurs if there is a delay to execution of the Project Deed beyond [redacted] and that delay changes the costs to Ausgrid in carrying out the HCC RNI Project.	<p>The delay in contract execution nominated adjustment event is necessary to allow for updating of expenditure forecasts to account for the prudent, efficient and reasonable additional costs arising from a delay to contract execution.</p> <p>Ausgrid's expenditure forecasts are based on assumed specified timeframes for project delivery, particularly commencement of substantive works in [redacted]. Ausgrid's expenditure forecasts are therefore dependant on the Project Deed and major subcontracts being executed no later than [redacted].</p> <p>If the execution of project documents is delayed past [redacted], project costs such as labour and material costs are likely to change.</p> <p>The delay in contract execution adjustment therefore allows for either an upward or downward adjustment to account for prudent, efficient, and reasonable updates to expenditure forecasts following a delay to contract execution.</p>	<p>We do not have any concerns with the substance of this adjustment mechanism. We consider it allows Ausgrid to recover the prudent, efficient and reasonable additional costs arising from a delay to contract execution.</p> <p>We will assess any revenue adjustment applications under this mechanism for prudence, efficiency and reasonableness in line with the EII Act.<sup>53</sup></p> <p>If the magnitude of the change is significant, we may decide it is necessary to review and remake our determination to adjust for the changes to expenditure from the revenue adjustment.<sup>54</sup></p>

<sup>52</sup> EII Act, s. 37(1)(a).

<sup>53</sup> EII Act, s. 37(1)(a).

<sup>54</sup> EII Regulation, cl. 51(2)(b).

**Table 2 Ausgrid’s proposed adjustment mechanisms – contractual compliance events – newly public mechanisms**

Proposed adjustment mechanism	Definition	Ausgrid rationale	Our preliminary position
DSP Change Adjustment	<p>A Change Order event occurs if the Infrastructure Planner issues a Change Order under clause 23.5 of the Project Deed which results in:</p> <ol style="list-style-type: none"> <li>1. Ausgrid incurring additional costs, or achieving costs savings; or</li> <li>2. additional amounts becoming payable by Ausgrid to the Infrastructure Planner for a Change pursuant to the Change Order being issued.</li> </ol>	<p>A Change Order nominated adjustment event is necessary to account for any change to Ausgrid’s prudent, efficient and reasonable costs arising from a Change Order issued by the Infrastructure Planner under the Project Deed.</p> <p>A Change Order is a mechanism which allows the Infrastructure Planner to issue an order to change the works to be carried out by Ausgrid.</p> <p>The change regime under the Project Deed relies on there being an adjustment mechanism to account for</p>	<p>We do not have any concerns with the substance of this adjustment mechanism.</p> <p>For the first part of this adjustment mechanism, we will assess any revenue adjustment applications under this mechanism for prudence, efficiency and reasonableness in line with the EII Act.<sup>55</sup> However, we do not expect the magnitude of this adjustment mechanism to require a review and remake of our determination.</p> <p>For the second part of this adjustment, the AER is to take into account the principle that Ausgrid is entitled to recover payments required to be made to EnergyCo in accordance with its contractual arrangements.<sup>56</sup> The second identified change order result</p>

<sup>55</sup> EII Act, s. 37(1)(a).

<sup>56</sup> EII Regulation, cl. 46(1)(b)(ii)

Proposed adjustment mechanism	Definition	Ausgrid rationale	Our preliminary position
		<p>any associated changes to Ausgrid's costs. Where a Change Order has been issued, Ausgrid is required under the Project Deed to seek a revenue adjustment.</p> <p>Ausgrid has not included an allowance for a change order event in development of the risk (contingency) costs.</p>	<p>falls in this category. Therefore, for this part of the adjustment mechanism, our role is not to assess for prudence, efficiency and reasonableness of these costs but to assess if this proposed adjustment mechanism reflects the terms and costs outlined in the Project Deed.</p> <p>We consider this part of the adjustment mechanism adequately reflects the terms of the contractual arrangement between Ausgrid and EnergyCo.</p>
Force Majeure Event under contractual arrangements with the Infrastructure Planner	<p>A Project Deed force majeure event occurs if there is a Force Majeure Event (as defined in the Project Deed) that changes the costs to Ausgrid in carrying out the HCC RNI Project.</p> <p>Force Majeure Event is defined in the Project Deed as a circumstance that satisfies all of the following criteria:</p> <ul style="list-style-type: none"> <li>the circumstance was not known or otherwise ought to have been known and could not have reasonably been foreseen, by the Affected Party as at the Execution Date (had they made reasonable inquiries in accordance with Good Industry Practice);</li> <li>the circumstance is beyond the reasonable control of the Affected Party and, if the Network Operator is the Affected</li> </ul>	<p>A Project Deed force majeure nominated adjustment event is necessary to ensure that Ausgrid's ability to recover its prudent, efficient and reasonable costs in connection with Force Majeure Events outside of Ausgrid's control aligns with the scope of those events under the Project Deed.</p>	<p>We do not have any concerns with the substance of this adjustment mechanism. We consider it adequately reflects the terms of the contractual arrangement between Ausgrid and EnergyCo. We will assess any revenue adjustment applications under this mechanism for prudence, efficiency and reasonableness in line with the EII Act.<sup>57</sup></p> <p>If the magnitude of the change is significant, we may decide it is necessary to review and remake our</p>

<sup>57</sup> EII Act, s. 37(1)(a).

Proposed adjustment mechanism	Definition	Ausgrid rationale	Our preliminary position
	<p>Party, the reasonable control of the Network Operator and the Subcontractors;</p> <ul style="list-style-type: none"> <li>• the circumstance is not the result of: <ul style="list-style-type: none"> <li>○ a breach of this deed or any relevant Law by the Affected Party; or</li> <li>○ an act or omission (other than an act or omission expressly required by, and carried out in accordance with this deed) by the Affected Party;</li> <li>○ the circumstance results in the Affected Party being unable to observe or perform on time and as required, any obligation (not being an obligation to pay money, or co-ordinate or consult with the other Party) under this deed; and</li> </ul> </li> <li>• the circumstance involves one or more of the following: <ul style="list-style-type: none"> <li>○ acts of God or natural disasters, including cyclone, typhoon, tornado, lightning strikes, earthquakes, floods, droughts, mudslides and washaways;</li> <li>○ explosions or fires, except where the explosion or fire originates at the Project Site and is caused by the Affected Party or its plant or equipment;</li> <li>○ acts of war, acts of public enemies, terrorism, riots, civil commotions, hostilities (whether war be declared or not), malicious damage, sabotage, blockade and rebellion;</li> </ul> </li> </ul>	<p>Note that the events which constitute Force Majeure Events are, by their nature, extreme and unexpected events. Ausgrid has not considered such events in development of the risk (contingency) costs.</p>	<p>determination to adjust for the changes to expenditure from the revenue adjustment.<sup>58</sup></p>

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<sup>58</sup> EII Regulation, cl. 51(2)(b).



Proposed adjustment mechanism	Definition	Ausgrid rationale	Our preliminary position
	<ul style="list-style-type: none"> <li>○ ionising radiation or contamination by radioactivity from any source not caused or contributed to by the Affected Party; and</li> <li>○ a strike, lockout or other labour difficulty that affects New South Wales, or Australia generally, and is not directed at the Affected Party.</li> </ul>		

## Glossary

Term	Definition
AER	Australian Energy Regulator
capex	capital expenditure
CCP	Consumer Challenge Panel
CESS	capital expenditure sharing scheme
EII Act	Electricity Infrastructure Investment Act 2020 (NSW)
EII Regulation	Electricity Infrastructure Investment Regulation 2021 (NSW)
HCC	Hunter-Central Coast
HCC RNI Project	HCC REZ network infrastructure project
REZ	Renewable Energy Zone