

Ausgrid - Hunter Central Coast REZ Network Infrastructure Project Revenue Proposal 2026-31

Presentation to AER Public Forum - 25 August 2025

Ausgrid Customer Panel

Louise Benjamin, Mark Grenning and Mike Swanston

V4

Introduction and Summary



Ausgrid has proposed a technically prudent solution consistent with Energy Co's scope

The use of existing easements will greatly assist the delivery of the project.

The non-contestable components (Transgrid) will need scrutiny



We compliment Ausgrid on their approach to community and consumer engagement and the establishment of the project panel

Ausgrid was not required to do so

The EII Act has no obligation for electricity consumer engagement by AEMO, EnergyCo or networks

Support the Transmission Planning Review recommendations on formalising best practice consumer engagement



We strongly support the AER's approach in their Preliminary Position Paper and the Supplementary Appendix

Obtaining agreement from Ausgrid and EnergyCo to substantially reduce their confidentiality claims

Narrowing the focus to mechanisms to lessen the capex risk to consumers



We look forward to greater transparency from AEMO Services and EnergyCo

Building the network quickly means consumers are left with considerable capex risk they have no way of managing

The NSW distribution customers' Roadmap bill to June 2026 is nearly \$1B, with the only potential benefit being the Waratah battery

There are a lot of certain network costs ahead before consumers (may) see the benefits of lower power prices

The importance of genuine consumer engagement



Quality consumer engagement is core to NSW consumers believing the Roadmap is in their 'long term financial interests'

Trust by the community remains critical to efficient project delivery, now and in the future



We commend Ausgrid on taking the risk of appointing us

Ausgrid gave us a wide scope and licence to challenge

We hope this approach is followed by other networks when undertaking Roadmap projects whether contestable or non-contestable



Outside the construction project itself, consumer engagement has been effectively non-existent

Engagement on the project need, scope is missing

Was consumer engagement an impediment to the speed of building ?



Ausgrid's engagement with the Panel and the local community was good practice, met BRH expectations

Issues identified and dealt with early
Personal approach
Some community confusion and risk at the overlap with other projects



Ausgrid's technical solution was available for scrutiny

Despite the project scope being developed behind closed doors

Need to explain why was transmission discounted

Concern re Transgrid costs



We agree with CCP - would like to have seen more on community and landholder engagement documented in the proposal

No major issues arose, so is \$24.1m required for community engagement and social licence? We support AER bottom-up review of this

Some construction issues may lie ahead

Transparency and accountability



A key outcome of the Commitment Deed negotiation is the allocation of risk between Ausgrid and consumers – yet consumers were not in the room to have a say on what risks they were going to bear “trust us”



Our submission raised many concerns about the lack of transparency and accountability in the process

Confidentiality is claimed so all the CBAs (AEMO Services IIO Report, Energy Co’s IPRR and AEMO Services RNI Project Statement of Reasons are just high-level summaries so “just trust us”

Contrast with AEMO’s development of the ISP - transparency on modelling methodology, scenarios, assumptions and sensitivity analysis



We also sought a definition of ‘reasonable.’ It seems to be whatever is needed to get network built quickly

Ausgrid could only get ~AACE Class 3 given their timetable under the Deed, hence the range of adjustment events and the large potential exposure of consumers to pass through costs

This is especially after the EII changes in late 2024 that mean the MCC is not in fact the MCC

AER is not allowed to test whether the IP fees (28% of capex) are ‘prudent,



The closely-prescribed role of the AER means they have little influence

We strongly support their efforts to increase transparency and accountability on adjustment events; pleased to see Ausgrid and EnergyCo agreeing

Comparing to the NER

- We look forward to working with Ausgrid and the AER to:
 - **increase capex certainty** (and the level subject to CESS), and
 - **decrease consumer risk** through adjustment event pass through for events beyond Ausgrid's control given the MCC is no longer a cap
- Our initial thought is to support:
 - **delayed capex estimate** to re-open the revenue determination once clearer view on what Ausgrid can influence to mitigate the risk
 - appropriate use of **AER scrutiny on adjustment event applications** (fully review under NER)
 - A **materiality threshold** for any application (compare with the 1% MAR under NER)
- AER to develop **revised non-contestable Guideline** to cover these issues and review how these matters might lead to a **revised contestable Guideline**

Next Steps

- We strongly support the AER's approach to the Hunter REZ adjustment events to **identify which adjustment events Ausgrid has some control** over and hope this approach is applied in future Roadmap determinations eg Transgrid's CWO enabling works
- Hopefully **the example set** by Ausgrid on engagement and transparency is followed by other REZ developers (whether contestable or non-contestable), EnergyCo and AEMO Services
 - We **strongly support the recommendations** in the Transmission Planning Review Interim Report for a more formal consumer engagement framework in the EII Act – for EnergyCo, AEMO Services and networks
- Recent EII changes (removal of MCC cap, Minister's directions powers) suggest increased risk to consumers from cost pass-throughs and further increases in Roadmap costs borne by distribution customers
 - Which only supports **increased accountability and transparency** to improve consumer trust that the Roadmap is indeed in their long-term financial interests