

Ref: MST_EC_Hunter Central Coast REZ – 01.06.17

10 September 2025

Ms Kate Symons
Board Member
Australian Energy Regulator

Sent via email to: kate.symons@aer.gov.au; REZ@aer.gov.auSent via email cc: ben.stonehouse@aer.gov.au

Re: Hunter-Central Coast REZ Preliminary Position Paper and Supplementary Appendix

Dear Kate

Thank you for the opportunity to provide a response to the Australian Energy Regulator's (AER) publication of the Preliminary Position Paper and Supplementary Appendix for the Hunter-Central Coast (HCC) REZ network infrastructure project (RNIP) (non-contestable). Please see the Energy Corporation of NSW's (EnergyCo) response below for your consideration.

Response to AER Focus Items***Confidentiality and transparency***

We are pleased to have had the opportunity to work through confidentiality concerns with the AER and Ausgrid and to have reached a position where most confidentiality claims have been waived. We support the AER's position to retain the remaining confidentiality claims and reiterate that these confidentiality claims are in the best long term financial interest of NSW electricity consumers.

Procurement induced cost uncertainty adjustment events

With regards to the options presented in the AER's Preliminary Position Paper Supplementary Appendix, EnergyCo's preference is for the AER to apply a delayed capex forecast. A delayed capex forecast provides for greater forecast certainty of the remaining cost items and removes the procurement induced cost uncertainty to consumers at the point they can be reasonably estimated.

EnergyCo recommends that the AER consider the completion of the 'Response to final designs by Contractor/s' milestone, as proposed by Ausgrid in its response to the Preliminary Position Paper, as

an appropriate Adjustment Date, with the delayed capex forecast adjustment proposal to be made within 3 months of the Adjustment Date, at which time the Adjustment Event would expire. This approach balances the time required for Ausgrid to develop the project to a point that it can appropriately forecast residual risk, with the desire to provide cost certainty to consumers. The expected completion date for this milestone is [REDACTED]

Response to AER preliminary positions

EnergyCo welcomes and supports the AER's preliminary position that it is likely to accept Ausgrid's approach for the following items:

- Total revenue and schedule of payments
- Regulatory Asset Base (RAB)
- Rate of return
- Regulatory depreciation
- Operating expenditure
- Corporate income tax
- Efficiency benefit sharing scheme (EBSS)

Capital expenditure

EnergyCo supports the inclusion of Ausgrid's community benefits expenditure in the determined capital expenditure. EnergyCo welcomes the AER's indication that there are no material issues in the core capex components.

Capital expenditure sharing scheme (CESS)

EnergyCo supports the AER's preliminary position on applying the CESS without Ausgrid's proposed exclusion of social licence capital expenditure. EnergyCo supports Ausgrid instead voluntarily foregoing CESS rewards on any underspend in the social licence category as suggested by the AER.

Finally, we appreciate the opportunity to provide this submission and we acknowledge and appreciate the constructive collaboration with the AER to date. We look forward to continued engagement with your organisation through the revenue determination process.

Sincerely,



Hannah McCaughey

Chief Executive Officer

Energy Corporation of New South Wales