



New Wallumatta Subtransmission Substation

Addressing increased demand requirements in the Macquarie Park area

CONTINGENT PROJECT APPLICATION

31 October 2025



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Executive Summary

This Contingent Project Application (**CPA**) is submitted to the Australian Energy Regulator (**AER**) to amend the revenue determination that applies to Ausgrid for its 2024-29 regulatory determination period, in accordance with the National Electricity Rules (**NER**).

This amendment will enable Ausgrid to undertake the construction and commissioning of a new sub-transmission substation (**STS**) in the Macquarie Park area to supply new major customer loads in the area.

The new STS has been labelled the 'Wallumatta STS', in recognition of the original name given to the area and acknowledging its indigenous history.

Ausgrid included the project as a contingent project in its proposal for the 2024-29 regulatory determination period. The AER's final decision was to accept the inclusion of this project as a contingent project. This allows Ausgrid to seek incremental capital expenditure (**capex**) and operating expenditure (**opex**) to deliver this project, subject to the following trigger events occurring:

- Ausgrid receives a connection application or applications for loads in Macquarie Park that cannot be supplied from the existing Macquarie Park Zone Substation or the Macquarie STS.
- The AER is satisfied that Ausgrid has completed a Regulatory Investment Test for Distribution (**RIT-D**) to determine the preferred credible option to connect and supply the load or loads, pursuant to the NER.
- A commitment from Ausgrid to proceed with the preferred credible option from the RIT-D, subject to the AER amending Ausgrid's 2024-29 regulatory determination pursuant to the NER. To provide objective verification of this trigger, a letter from the Chief Executive Officer of Ausgrid was sent to the AER to confirm such commitment.

These trigger events have now occurred.

A RIT-D process was undertaken to consult on how to most efficiently facilitate the connection of new major loads in the Macquarie Park area. The Final Project Assessment Report (**FPAR**) was published on 11 October 2024, and no disputes were raised.

An initial CPA was submitted on 07 February 2025. Feedback received from the AER has led to concerns that connected customers, including residential and small business customers, could be burdened with the costs of infrastructure built to serve large connecting customers. In recognition of these concerns, Ausgrid has revised its proposal and resubmitted the CPA.

The construction of Wallumatta STS was found to be the preferred credible option, based on the consideration of network capital costs and direct contributions from customers to the upfront cost of the shared network assets, supporting their preference for a 33kV supply connection. Ausgrid considers that there has been no material change of circumstances (**MCC**) since the completion of the RIT-D.

Five major customer loads have now formally submitted connection applications that cannot be supplied from the existing network in Macquarie Park. Ausgrid is now committed to proceeding with the preferred credible option. A letter from Ausgrid's CEO confirming this commitment has been sent to the AER and is attached to this CPA.

The estimated network augmentation capital cost of the Wallumatta STS is \$147.3 million (in line with the cost estimate of \$162.3 million adopted in the RIT-D minus \$15.0 million of direct contributions from customers).

Initial project development work has commenced. Subject to approval by the AER, construction of the project would go ahead, targeting commissioning in late FY29.

The forecast capex required for the current regulatory period is set out below.

Table E1 – Forecast capex by year (\$ million, real 2023-24)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Capex							147.31

The amended Maximum Allowed Revenue (MAR), smoothed, for the current regulatory period is set out below.

Table E2 – Amended annual maximum allowed revenue, smoothed (\$ million, nominal)

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Approved MAR smoothed (distribution)	1,539	1,673	1,821	1,982	1,934	8,948
Approved MAR smoothed (dual assets)	155	199	225	223	221	1,024
Incremental MAR* smoothed	-	-	-	-	12	12
Revised total MAR smoothed	1,694	1,872	2,046	2,205	2,166	9,984

*Incremental revenue applies only to dual function asset revenue

The revenue in Table E2 above presents the incremental revenue associated with the Wallumatta STS project to Ausgrid's revenue from dual function assets during the 2024-29 regulatory control period.

We expect that the construction of Wallumatta STS will lead to our residential customers facing a one-off increase in their bills of about \$1.74 in FY29 only. This small increase, reflective of about 0.25% of a typical annual residential bill, is due to the application of our standard cost recovery process, noting this is the worst-case assumption as any FY29 revenue from direct-connect load would moderate these impacts.

The customers will be connected to the dual function asset network which means they will only face transmission charges. Under our standard approach, the large connecting customers at Wallumatta STS will pay individually calculated tariffs (ICTs) to fund the proposed capex and opex. There is, however, a period between when Ausgrid incurs construction costs and the commissioning of the new assets. This leads to the small bill impact for our general customer base in FY29. Once Wallumatta STS is commissioned, no impact on other customers is expected, as long as load forecasts for Wallumatta STS customers are accurate. Importantly, forecasts are done on 'year ahead' basis – minimising forecasting risk.

In December each year Ausgrid provides Transgrid a year ahead volume forecast for all the Ausgrid owned transmission connection points. Transgrid, in its role as NSW coordinating transmission network service provider (TNSP), then calculates the transmission prices for all connection points. These Transgrid generated prices include demand components and if the Ausgrid forecast differs from actual load then there will be a mismatch between overall revenue recovered and paid to Transgrid. Ausgrid's forecasting process will ensure any mismatch is minimal, to avoid the possibility of a revenue under recovery being borne by all customers.

Table E3 – Summary of Ausgrid's contingent project

\$147m	Our forecast costs based on the RIT-D preferred credible options to supply the connecting loads, including upfront contributions from these customers	See chapter 4
Total capital costs		
\$12m	The revenue increase in the 2024-29 period with the vast majority recovered from the large connecting customers	See chapter 5
Revenue increase		
\$1.74	The one-off bill increase our connected customers could get in FY29 under the worst-case scenario (i.e., no revenue from connecting customers to Wallumatta STS in FY29).	See chapter 5
Residential bill increase		
	The trigger events prescribed by the AER in our 2024-29 regulatory determination have been met.	See chapter 3

1 Introduction

This application is submitted to the AER to amend the revenue determination that applies to Ausgrid for its 2024-29 regulatory period to enable the delivery of the new Wallumatta sub-transmission substation (STS). This application is submitted in accordance with the NER.¹

The project involves the construction of a new sub-transmission substation in the Carlingford network area to meet the expected increase in demand.

Ausgrid included this project as a contingent project in its regulatory proposal for the 2024-29 regulatory determination period. The AER's final decision was to accept the inclusion of this project as a contingent project.

An initial CPA was submitted on 07 February 2025. Feedback received from the AER has led to concerns that connected customers, including residential and small business customers, could be burdened with the costs of infrastructure built to serve large connecting customers. In recognition of these concerns, Ausgrid has revised its proposal and decided to update and resubmit the CPA.

This application is structured as follows:

- Chapter 2 describes the project and provides a summary of the RIT-D process that Ausgrid has completed;
- Chapter 3 discusses the relevant regulatory requirements and how this CPA meets these requirements;
- Chapter 4 sets out the forecast capex and opex for the Wallumatta STS;
- Chapter 5 sets out the incremental revenue adjustment required to the end of the regulatory period; and
- Chapter 6 sets out a compliance checklist which shows how this CPA complies with the NER requirements.

In addition, the following attachments provide supporting information and form part of this CPA:

Appendix 1 - Letter from Ausgrid's CEO, confirming commitment.

Appendix 2 - Statement submitted to the AER and published, as per clause 5.17.4(z1).

Appendix 3 - Post tax revenue model to calculate incremental revenue for the regulatory period using AER's model.

Appendix 4 - Evidence of data centre customers connection applications.

Appendix 5 - Cost estimates for network options

Appendix 6 - Risk and Contingency Report.

Appendix 7 - Information packs discussed as part of the pre-lodgement consultation with the AER.

It should be noted that only appendix 3 and 5 required updates in this revised CPA. Other attachment sections remain unchanged.

¹ NER clause 6.6A.2.

2 Project Summary

This section provides a description of the project, identifying the driver for investment and including a summary of the RIT-D as well as a revised analysis that considers the feedback provided by the AER about the Wallumatta project.

2.1 Project overview and scope

Macquarie Park is a major commercial district in Sydney's northern suburbs, with major loads at the Macquarie shopping centre, Macquarie University, telecommunication and data centres, as well as high-density residential developments. The Macquarie Park area sits along the northern boundary of the wider Carlingford area of Ausgrid's network.

The Carlingford area is supplied at 132kV from Transgrid's Sydney North Bulk Supply Point (**BSP**), Mason Park and Lane Cove Sub-transmission Switching Stations (**STSS**), and at 66kV from Endeavour's Carlingford STS.

Ausgrid's aim in this network area is to maintain primary supply at 132kV and 66kV, supply zone substations and large customer loads from a mixed 132kV/66kV network and supply commercial and residential loads from the 11kV network.

The Macquarie Park area has been selected by the NSW Department of Planning, Housing and Infrastructure (**DPHI**) to accommodate new dwellings and commercial floorspace, which will increase demand on the 11kV distribution network.

Macquarie Park area has also developed into a hub for data centres, due to proximity of telecommunications, electricity and transportation infrastructure. In the last two years, Ausgrid has connected three large data centres and is in the process of connecting a further two. The network was augmented to accommodate these major loads – specifically:

- In 2018, a RIT-D was undertaken to address connection of three new loads in the area, which found that a new 132/33kV Macquarie STS was the preferred option in light of the expected demand at that point in time; and
- In 2023, a subsequent RIT-D was completed to address the connection of two additional major loads in the area, which concluded that the preferred option was to install a third 120 MVA transformer at the Macquarie STS.

The Macquarie STS was commissioned in July 2021, and the third transformer will be commissioned in December 2025. Macquarie STS is co-located with the Macquarie 132/11kV Zone Substation (**ZS**), in Waterloo Rd, Macquarie Park. Figure 1 below shows the location of Macquarie STS and other major substations in the Carlingford network area.

Figure 1 – Location of Macquarie STS within the Carlingford network area



Once the third transformer is installed at Macquarie STS, the major customer loads will utilise all available connection bays. Physical site restrictions mean that additional bays, and thus new major loads, cannot be accommodated and so any new loads would need to be accommodated using other means.

We have since received a further four connection applications from data centre customers seeking to connect in the Macquarie Park area. They are seeking connection from mid to late FY29 at 33kV, since 132kV (or 66kV) supply points would require customers to allocate space on their property for additional equipment, and because their current design models are based on 33kV input supply modules.

These customers have a total expected eventual load of 345MVA with secured redundancy, “N-1” supply requirements.

In 2025, a fifth connection application was received for an existing data centre seeking to expand its business operations located in the Macquarie Park area.

Considering the site restrictions at Macquarie STS to allow further 33kV connection points and capacity via additional transformers, Ausgrid is planning to build a new 132/33kV STS to meet the increase in demand from the new data centres. The construction of the project will involve the following scope:

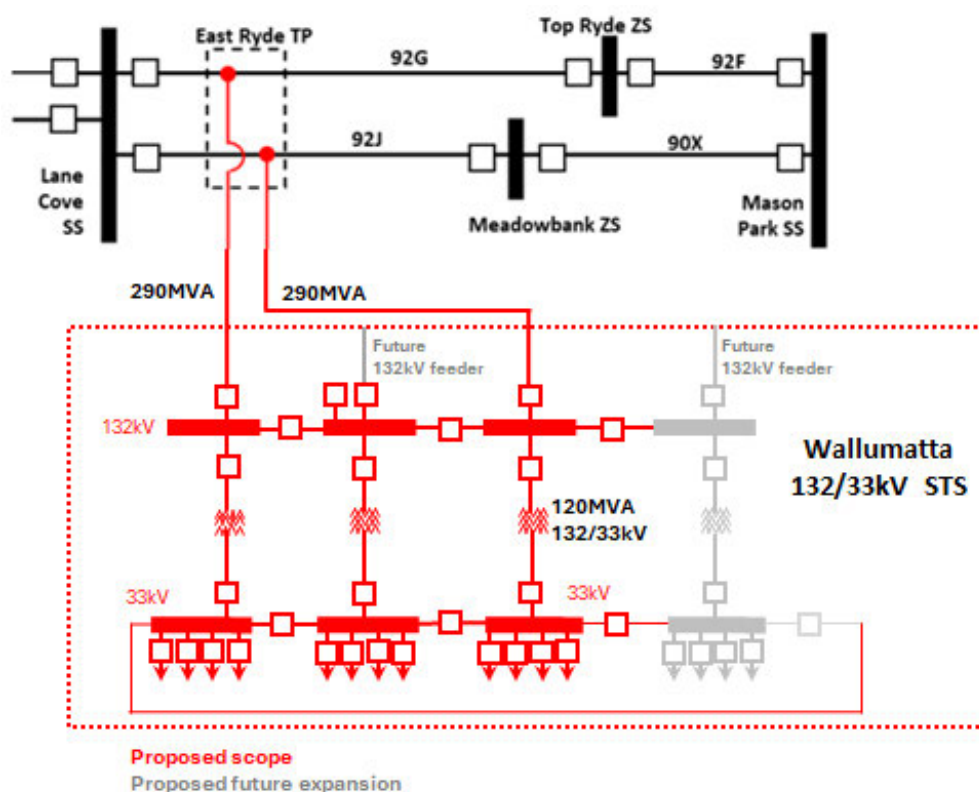
- Acquisition of property in the Macquarie Park area;
- Construction of the new Wallumatta 132/33kV STS, comprising 3 transformer units, a new switchroom building to accommodate 10x132kV and 18x33kV indoor circuit breakers; and
- Installation of 2x132kV feeder connections to tee off from East Ryde Transition Point to the STS, including pole structures to connect to East Ryde Transition Point, approximately 7km of dual circuit ductlines and cables from this point to the STS and termination cable works at the STS cable basement.

The estimated capital cost of this project is \$162.3 million.

Ausgrid has named the new STS in Macquarie Park the ‘Wallumatta STS’, in recognition of the original name given to the area and acknowledging its indigenous history. The new Wallumatta STS will be constructed initially with three 120MVA 132/33kV transformer units, but capable of accommodating a future fourth transformer and associated switchgroup.

A schematic diagram of the project is presented in Figure 2, with the specific network elements shown in red.

Figure 2 – New Wallumatta STS proposed network arrangement



2.2 Regulatory Investment Test for Distribution (RIT-D)

A RIT-D assessment process was undertaken to investigate, and consult on, how to most efficiently facilitate the connection of new major loads in the Macquarie Park area.

A Draft Project Assessment Report (**DPAR**) was published on 16 August 2024. From an initial assessment of eleven options (listed in Table 4 below) to address customer demand requirements, the DPAR concluded that the preferred option (Option 5) was to establish a second STS in Macquarie Park at a site located in proximity to the new major customers.

Non-network or stand-alone power system (**SAPS**) options were found to be not viable to address the identified need, as reported in a separate notice outlining this assessment, in accordance with clause 5.17.4(d) of the NER. The DPAR called for submissions from parties by 27 September 2024. No submissions were received on the DPAR or the screening notice.

A FPAR was published on 11 October 2024, confirming the preferred option (Option 5). No disputes were raised on this RIT-D. Ausgrid considers there has been no material change of circumstances (**MCC**) since the completion of the RIT-D.²

A summary of the outcomes from the RIT-D is set out below:

Identified Need

If action is not taken, Ausgrid will fail to meet the requirements to connect customers under section 5.2.3(d) of the NER, which include the requirements that a Network Service Provider must:

- (1) Review and process applications to connect or modify a connection which are submitted to it and must enter into a connection agreement...*
- (...)*
- (6) Permit and participate in commissioning of facilities and equipment which are to be connected to its network in accordance with rule 5.8;"*

We therefore consider the identified need for this investment to be a 'reliability corrective action' under the RIT-D since investment is required to comply with the above NER obligations. The identified need creates an opportunity to provide a scale-efficient and cost-effective investment in shared network assets to benefit multiple customers.

Options considered

Ausgrid identified multiple options, covering both network and non-network solutions, throughout both the original business case (which was provided to the AER as part of Ausgrid's regulatory proposal), and the subsequent RIT-D.

Non-network or stand-alone power system (SAPS) solutions were found to be not viable to assist in meeting the identified need, given the magnitude and characteristics of the loads.

We have assessed eleven network options following an assessment of the various potential dimensions for supply arrangements to connect the new loads, including connection to the upstream network, substation configuration and physical location. In particular, the network options have been defined in the following terms:

- Three substation arrangements to connect customers:
 1. a new 132/33kV STS, or
 2. a new 132kV STSS, or
 3. a new 132/33kV STS with an expanded 132kV busbar to enable both 33kV and 132kV connections.
- Three connection arrangements to the upstream 132kV network:
 1. a loop into 132kV Feeder 92B (Sydney North BSP to Lane Cove STSS), or
 2. a loop into 132V Feeders 92A & 92B (Sydney North BSP to Lane Cove STSS), or
 3. a tee connection to 132kV Feeders 92G & 92J (Mason Park STSS to Lane Cove STSS).
- Three sites to accommodate the new substation:
 1. [REDACTED] Macquarie Park (site 1), or
 2. [REDACTED] Macquarie Park (site 2), or
 3. [REDACTED] Macquarie Park (site 3).

² NER clause 5.17.4 (t1)

The eleven options are listed in the table below.

Table 4 – Network options initially considered

Option	Description
Option 1	New 132/33kV STS at site 1 looped into 132kV Feeder 92B
Option 2	New 132/33kV STS at site 1 looped into 132kV Feeders 92A & 92B
Option 3	New 132kV STSS at site 3 and new 132/33kV STS at site 1 looped into 132kV Feeder 92B
Option 4	New 132/33kV STS at site 1 tee connected at East Ryde Transition Point to 132kV Feeders 92G & 92J
Option 5	New 132/33kV STS at site 2 tee connected at East Ryde Transition Point to 132kV Feeders 92G & 92J
Option 6	New STS with expanded 132kV busbar at site 1 tee connected to 132kV Feeders 92G & 92J
Option 7	New STS with expanded 132kV busbar at site 2 tee connected to 132kV Feeders 92G & 92J
Option 8	New 132kV STSS at site 1 looped into 132kV Feeder 92B
Option 9	New 132kV STSS at site 1 tee connected to 132kV Feeders 92G & 92J
Option 10	New 132kV STSS at site 2 tee connected to 132kV Feeders 92G & 92J
Option 11	New 132kV STSS at site 3 looped into 132kV Feeder 92B

Throughout the FPAR, the locations of the sites have been redacted to not affect procurement process and, instead, we only refer to 'site 1', 'site 2' and 'site 3'. Sites 1 and 2 are nearby the proposed locations of customers.

These network options will target commissioning in mid to late FY29.

2.3 Revised Options Analysis

The AER provided feedback following submission of the CPA and after the completion of the RIT-D to highlight concerns with the application including:

1. That other customers may cross-subsidise data centre customers,
2. That behind the meter connecting customer costs were included in the original assessment,
3. That Ausgrid had accepted the data centres' preferred voltage in their connection application,
4. That the cost of Option 10 could be lower based on the capacity required to connect current customers.

A revised analysis has been undertaken since the RIT-D was completed to address these concerns. This included removal of the connecting customer behind the meter costs, revising the cost of Option 10 and including a direct capital contribution component for the shared network assets based on the cost difference between the connecting customers preferred voltage option (Option 5) and the least cost option (Option 10). Inclusion of direct contributions from major customers means that they can support their preferred choice of supply. In this case, our connecting customers have expressed a clear preference for a 33kV supply solution.

Given that market reports indicate that site 1 acquisition costs will be higher than the value initially considered in the RIT-D, Options 4 and 6 are no longer credible. Options 1, 2, 3, 8 and 9 remain not credible from the original assessment.

Considering that gross market benefits are the same to all options in the RIT-D, and network options have the same completion date, the analysis can be simplified to cost comparison, with the preferred option being the lowest cost solution.

Accordingly, the resulting credible network options are shown in the table below, including a breakdown of these costs and direct customer contributions from connecting customers:

Table 5 - Revised credible network options (\$ million, real 2023-24)

Option	Description	Land	Substation	Upstream connection	Contingency	Direct Customer Contribution	Total
5	New 132/33kV STS at 'site 2' connected to 132kV Feeders 92G & 92J	■	■	■	■	-15.0	147
7	New 132/33kV STS with expanded 132kV busbar at 'site 2' connected to 92G & 92J	■	■	■	■	-15.0	155
10	New 132kV STSS at 'site 2' connected to Feeders 92G & 92J	■	■	■	■	-	147
11	New 132kV STSS at 'site 3' looped into 132kV Feeder 92B	■	■	■	■	-	184

Options 5 and 7 remain credible network options. Joint planning undertaken with Transgrid confirms the need for a future BSP in the broader area. The proposed site 2 offers the opportunity of co-location of the BSP and STS on a single site, which optimises land utilisation, reducing civil works, site access infrastructure and environmental approvals. It will provide dual-voltage capability (132kV and 33kV), allowing for voltage-appropriate supply based on the size and profile of the customer loads.

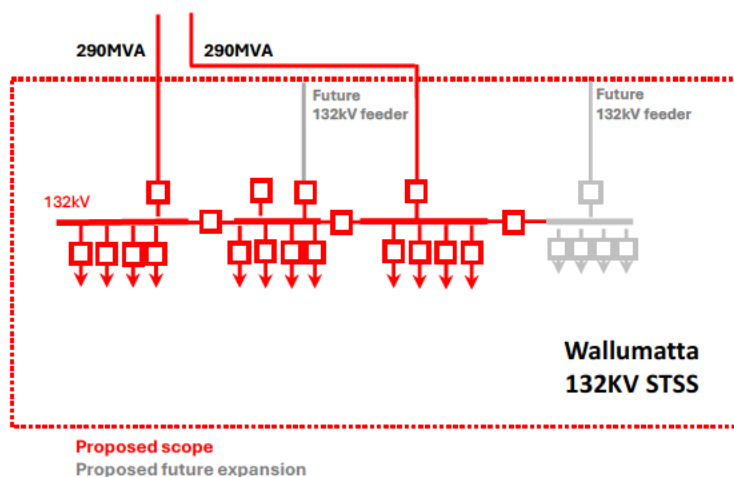
Options 10 and 11 involve establishing a 132kV STSS. While technically feasible, establishing this substation arrangement upfront rather than a 132/33kV STS is not the most suitable solution. One of the four customers has confirmed they do not have sufficient land to cater for 132kV reticulation. While Ausgrid can reallocate the capacity to another customer in our pipeline, this customer site will become sterilised without the option for a 33kV supply. Ausgrid must provide all customers a connection point to our network in-line with the customers' commitment to connect, and therefore the development of another substation in the area will be required to enable supply to this site.

However, if customer preference, customer connection costs and longer-term development considerations are excluded, the 132kV STSS may still be regarded as a credible standalone alternative. On that basis, Options 10 and 11 are revised as follows:

1. Remove two outgoing 132kV feeder bays, to align with the same number of outgoing feeder bays as the STS included in Option 5. While this increases the individual feeder capacity, the same number of feeder bays are required to achieve redundant supply.
2. Reduce the assumed land footprint and associated cost for the STSS, given the reduced number of feeder bays.

The revised schematic diagram is provided below for reference:

Figure 3 – 132kV STSS proposed arrangement (for Options 10 and 11)



As a result of these changes, network costs for Option 10 have been revised downwards to consider reduced land requirements³ [REDACTED] and less substation equipment due to removal of two spare 132kV circuit breakers (\$1 million reduction).

For Option 11, the cost has also been adjusted to include less substation equipment (\$1 million reduction). Although the site proposed for this option could only be suitable for a small STSS, [REDACTED]

[REDACTED] While we have reduced its cost for comparison purposes, the cost of this Option 11 remains materially higher than other options.

It should also be noted that the revised analysis does not activate any new credible network or non-network options. Due to the loads size and type (24/7 days operation), there is no feasible way to supply these customers without a network connection. This includes customer energy resources (CER) and battery energy storage systems (BESS). The only existing connection point in the area is Macquarie STS; however, all feeders and capacity have been allocated at this site.

Previous decisions to limit to scope and cost of Macquarie STS have reduced the opportunity to further expand this site. Ausgrid has considered that impact in the provision of space and capacity at the new Wallumatta substation, with an option to support future expansion. By limiting the opportunity for expansion, we may trigger the need for an additional substation, leading to an inefficient economic outcome.

The revised analysis determines that Option 10 is the lowest cost option. However, this this solution would supply customers at 132kV. Adopting this solution would increase costs to the connecting customers and limit the data centre size to accommodate additional electrical infrastructure to convert from 132kV. The new major load customers have a strong preference for Option 5, which involves a new 132/33kV STS, as it provides 33kV supply to customers.

On this basis, Ausgrid will proceed building Option 5, with the difference in capital cost between Option 10 (the lowest cost option) and Option 5 (the second lowest cost option) being borne by the connecting customers, through an up-front capital contribution. Ausgrid notes that the market benefits of Option 10 and Option 5 are identical, with the consequence that if the capital cost difference is recovered directly from the connecting customers, regulated customers will be no worse off than if Ausgrid were to proceed with Option 10.

This approach is consistent with section 1.2 of Ausgrid's connection policy, which states:

Where a customer requests a higher standard of supply beyond the least cost technically acceptable standard offered by Ausgrid, the customer is required to fund the marginal cost of the additional work Ausgrid incurs.

In summary, Ausgrid is proposing Option 10 as the preferred option due to it being the lowest cost option to achieve the customer load requirements. However, based on the customers preference for 33kV connection, Ausgrid is proposing to construct Option 5, with the connecting customers to pay the difference between Option 5 and Option 10 as per section 1.2 of Ausgrid's connection policy.

2.4 Additional updates on the Wallumatta project and connecting customers

2.4.1 Property acquisition

Negotiations with the landowner of the property at site 2 commenced in late 2024, for the purpose of acquiring this property to establish the new Wallumatta substation.

Ausgrid's preferred method of acquiring strategic land holdings is via commercial treaty. Ausgrid only utilises the compulsory acquisition process in situations where a commercial negotiation becomes unviable.

Whilst there have been productive discussions and positive outcomes, such as an agreement to have early access to the site to enable Ausgrid's engineering team to undertake initial geotechnical investigations, it has become clear that a negotiated agreement is unlikely. The landowner's valuation expectations exceed what can be reasonably supported by independent commercial valuations or under the act for compulsory acquisition.

³ Land requirements would be reduced for the STSS options given that transformer bays are not required. A transformer bay for a 120MVA 132/33kV unit is 20m x 11m in size. Therefore, at least 880m² are required to accommodate up to four transformers. For site 2, the area for a 132kV STSS could be reduced by ~11% (1,320-1,430m², equivalent to a section 11m wide x 120-130m long), thus reducing land costs from [REDACTED] million to [REDACTED] million for Option 10.

As more than six months of negotiations have been completed, Ausgrid is about to issue a Proposed Acquisition Notice (**PAN**) within the next two months. This would transfer control of the site to Ausgrid approximately 3-4 months after issuing the PAN, noting this can be shorter if agreed with the landowner. As a result, it is anticipated that Ausgrid will have complete access to the site between December 2025 and February 2026.

2.4.2 Project Development activities

In addition, Ausgrid has initiated project development activities for the establishment of Wallumatta STS at site 2, targeting design completion by end of FY27 and project completion to enable customer connections by end of FY29.

2.4.3 Data Centre developments in the Macquarie Park area

Development zoning concerns have been raised in relation to proposed data centre developments in the Macquarie Park area. These concerns revolve around competing priorities for land and the impact of data centres on planned residential housing developments.

Data centres with electricity demand requirements larger than 15MW are recognised as State Significant Development (**SSD**) in the NSW State Environmental Planning Policy (**SEPP**) 2021. As a result, approval for the construction and operation of these facilities can be achieved through the SSD approval process, noting that SSD applications are assessed by the NSW Department of Planning, bypassing local councils⁴.

Data centres have consent to develop their facilities on land classified under the following codes:

- E3 (Productivity Support),
- E4 (General Industrial),
- E5 or IN3 (Heavy Industrial),
- B5 (Business Development),
- B6 (Enterprise Corridor),
- B7 (Business Park),
- IN1 (General Industrial),
- IN2 (Light Industrial), and
- SP4 (Enterprise under certain local environmental plans).

The NSW Government issued a Finalisation Report on the Macquarie Park Transport Oriented Development Precinct⁵, seeking to amend the planning controls applicable to the area and provide a rezoning proposal. The rezoning came into effect on 27 November 2024 and focused new housing development on land closest to Metro stations to maximise the number of residents and workers, provide for taller buildings with smaller footprints so that more public open space can be delivered and plan for a mix of building heights to provide variety and interest and increase housing choice.

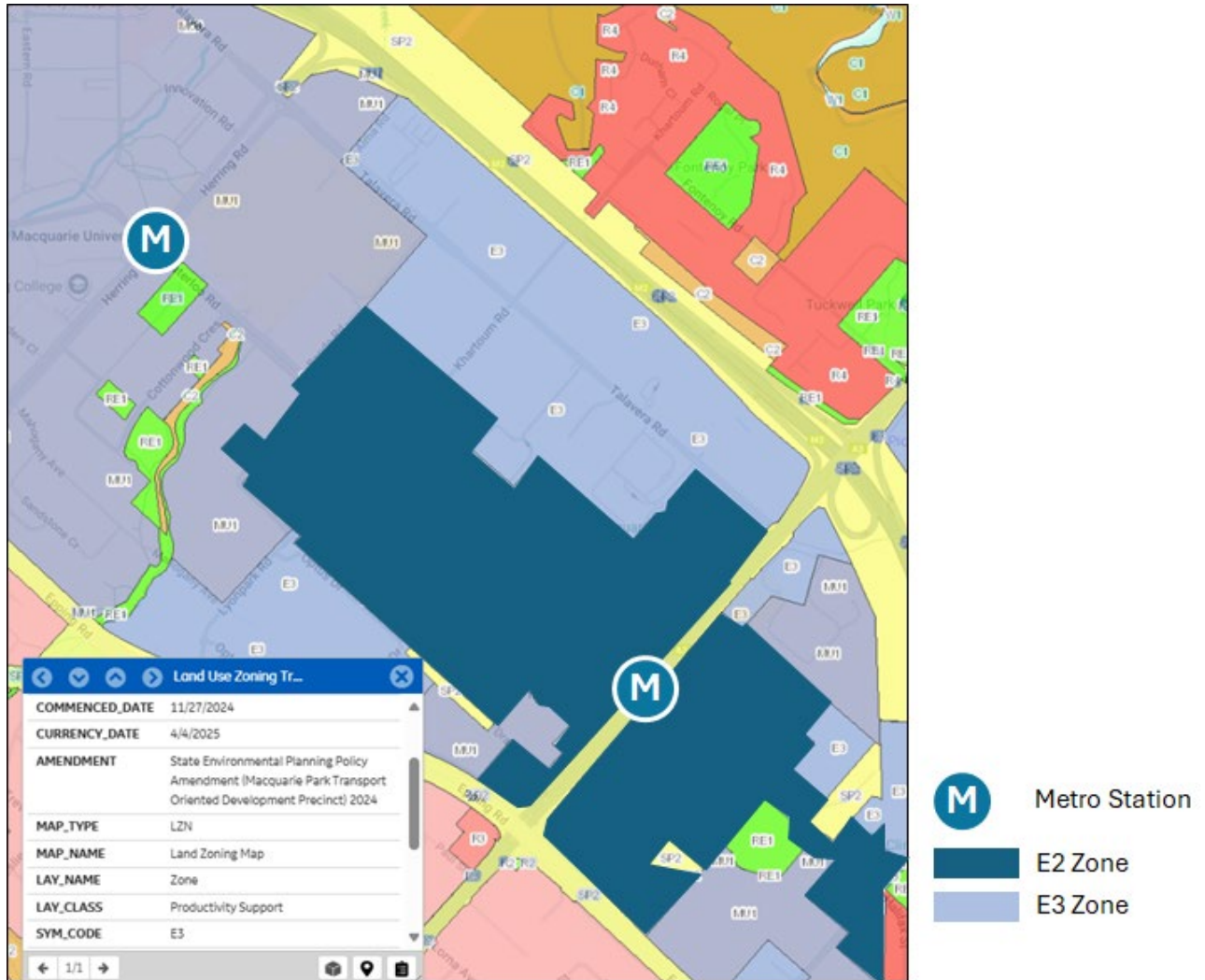
In this rezoning proposal, Data Centres have been prohibited from the E2 land use zone type, which is limited to the centre of Macquarie Park, spreading out along either side of Waterloo Road between the suburb's Metro stations. As stated on page 33 of the report, *"many properties immediately outside the E2 Commercial Centre are zoned E3, meaning data centres will continue to be permissible across a significant percentage of Macquarie Park outside the main spine"*.

The figure below shows the land use zoning that resulted from post-exhibition amendments of the rezoning proposal. The majority of the properties located along Talavera Road, where both the new Wallumatta STS and connecting data centre customers would be established, are categorised as E3 (Productivity Support).

⁴ Except for data centres proposed within the City of Sydney.

⁵ [Macquarie Park Transport Oriented Development Precinct](#)

Figure 4 – Current land use zoning in the Macquarie Park rezoning proposal



The current feedback from data centre customers is that all committed connections will progress in the E3 zone. This has also been tested with future interested parties, with only one connecting customer confirming a constraint on their current land parcel for development. For this connection applicant [REDACTED] their proposed development has a portion of land zoned E2 and another section is E3 zoned. They are progressing design work and adjusting their proposal to address current constraints.

3 Regulatory requirements

This section provides details of the relevant regulatory requirements that must be met by this CPA.

3.1 Overview of regulatory requirements

3.1.1 Information to be contained in the CPA

The regulatory requirements for contingent projects are contained in clause 6.6A.2(b) of the NER and in the AER's Process Guideline for CPAs.⁶

Clause 6.6A.2(b) sets out that a CPA must contain the following information:

- an explanation that substantiates the occurrence of the trigger event;
- a forecast of the total capital expenditure for the contingent project;
- a forecast of the capital and incremental operating expenditure, for each remaining regulatory year which the DNSP considers is reasonably required for the purpose of undertaking the contingent project;
- how the forecast of the total capital expenditure for the contingent project meets the Rule threshold;
- the intended date for commencing the contingent project (which must be during the regulatory control period);
- the anticipated date for completing the contingent project (which may be after the end of the regulatory control period); and
- an estimate of the incremental revenue which the DNSP considers is likely to be required in each remaining regulatory year of the regulatory control period as a result of the contingent project being undertaken.

3.1.2 Requirements that the AER must be satisfied before making a determination

Before any amount and timing for a contingent project can be determined, the AER must be satisfied that:

- the trigger event has occurred;
- the forecast capex meets the materiality threshold; and
- Ausgrid has complied with its obligations under clauses 5.17.4(z) and 5.17.4(z1).

3.1.3 How this CPA complies with the regulatory requirements

This CPA complies with the above regulatory requirements. In particular:

- The remainder of this chapter 3 provides material to substantiate that the trigger events have occurred, and also confirms that the NER requirement relating to the project timing (including expected commencement and completion dates), pre-lodgement consultation with the AER, and MCC provisions have all been met;
- Chapter 4 sets out our forecast total capex and incremental operating expenditure for the remainder of the regulatory period, confirming that this exceeds the materiality threshold to submit a CPA; and
- Chapter 5 calculates the incremental revenue required for the remainder of the regulatory period.

For cross-check purposes, chapter 6 sets out a checklist which shows how this CPA meets the regulatory requirements.

⁶ Australian Energy Regulator, Process guideline for contingent project applications under the National Electricity Rules, September 2007.

3.2 Trigger events have occurred

3.2.1 Applications for loads to be connected have been received

The first trigger for the CPA is Ausgrid receiving a connection application or applications for loads in Macquarie Park that cannot be supplied from the existing Macquarie Park ZS or the Macquarie STS.

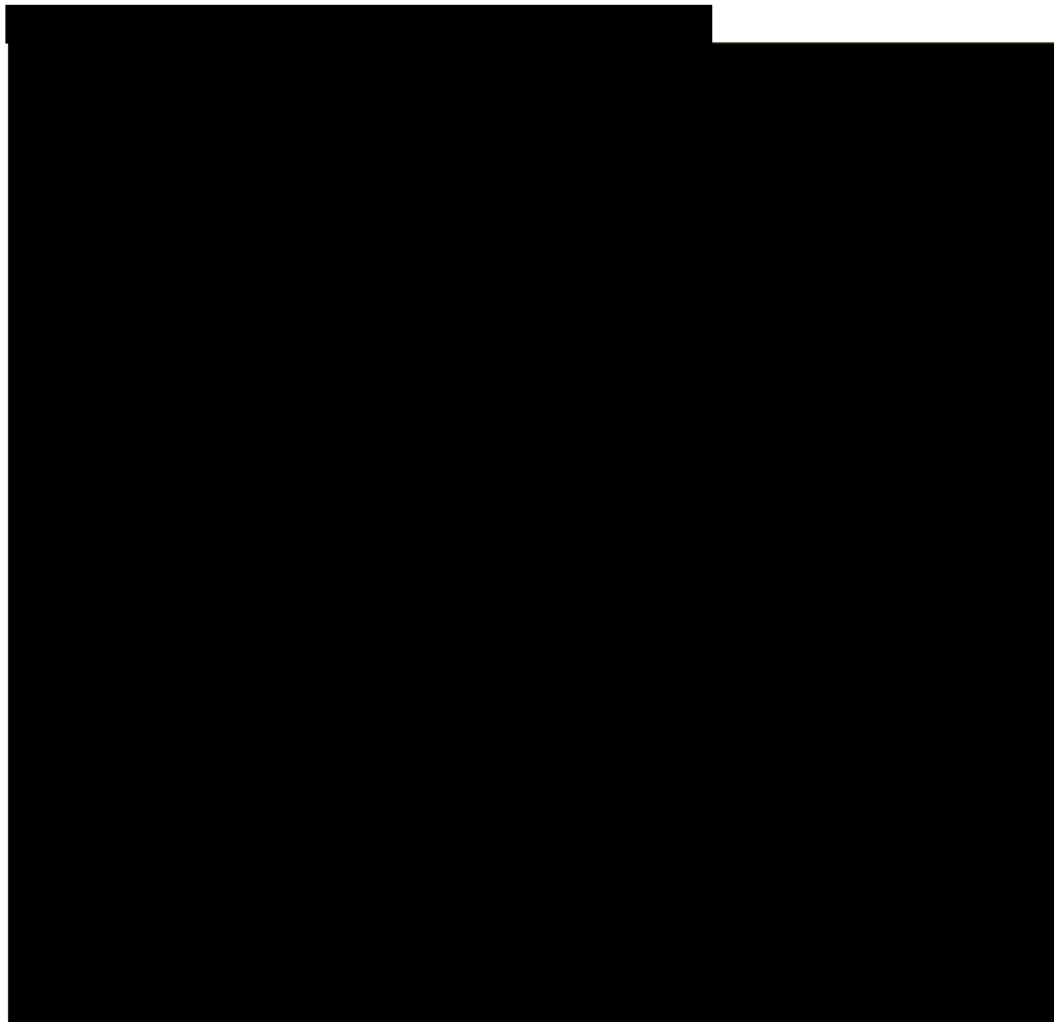
In 2023, Ausgrid received four formal connection applications:

[REDACTED]

The customer initially requested 50MVA at N-1 to be supplied permanently at a preferred supply voltage of 33kV. Later in 2023, the customer updated their supply requirements to 90MVA at N-1.

[REDACTED] Network planning advice has been provided to the customer, and the customer has accepted the recommendation to receive supply by establishing 2x33kV new feeders from the proposed new Wallumatta STS.

The proposed location of the data centre facility is shown in the figure below.



The applicant lodged a State Significant Development Application [REDACTED] to the NSW Government in December 2024 [REDACTED]

SSDA determination is anticipated to occur in October-December 2025. Design information is currently in progress, together with commercial negotiations.

[REDACTED]

[REDACTED]

The customer requested 90MVA capacity at N-1 to be supplied permanently. The applicant has indicated a preferred supply voltage at 33kV.

In their connection application submitted in 2023, the customer requested supply to be available by Q3 2027. However, they are fully aware of the proposed development timeline for the Wallumatta STS.

[REDACTED] Network planning advice has been provided to the customer, and the customer has accepted the recommendation to receive supply by establishing 2x33kV new feeders from the proposed Wallumatta STS.

The proposed location of this data centre facility is shown in the figure below.



It should be noted that the rezoning proposed by the NSW DPHI was finalised in November 2024⁸. In the Final Report, this data centre development is being allowed. The applicant lodged a State Significant Development Application [REDACTED] to the NSW Government in July 2025. This development involves the construction and operation of [REDACTED], including plant and equipment, part road construction, car parking and landscaping.

Design information is currently in progress, together with commercial negotiations.

It should be noted that this customer is opposed to the 132kV connection, as their SSDAs specifically covers a 33kV solution and the larger footprint required for 132kV equipment would significantly reduce available space for the data centre.

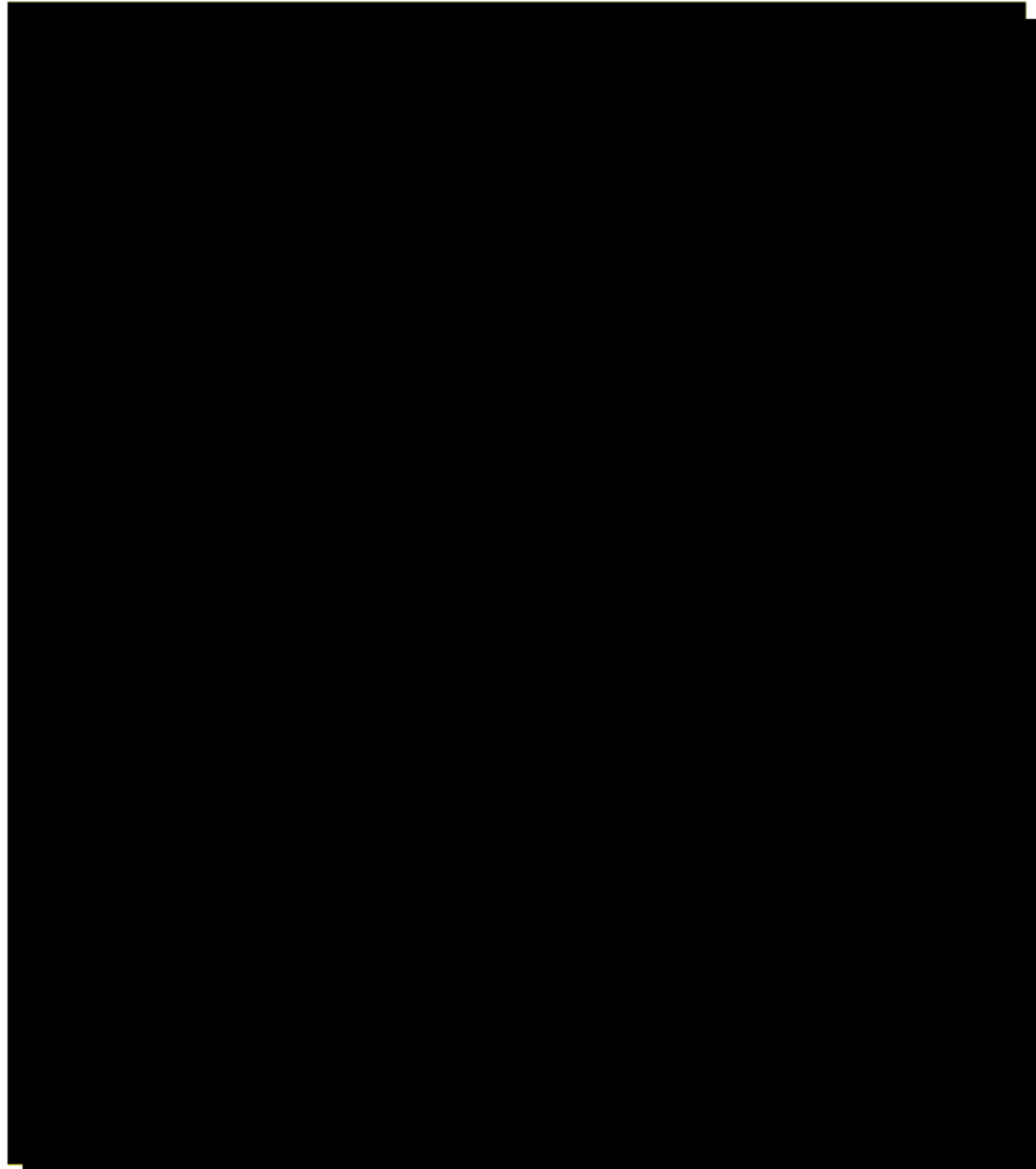
[REDACTED]

[REDACTED]

[REDACTED]

The customer is requesting a permanent N-1 supply to cater for 90MVA capacity [REDACTED] Macquarie Park, and 75MVA [REDACTED] Macquarie Park. The proposed location of these data centre facilities is shown in Figure 5.

[REDACTED]



The applicant lodged a State Significant Development Application [REDACTED] to the NSW Government in August 2024 for the proposed Data Centre at [REDACTED]. The development has been named [REDACTED] and includes construction, fit out and 24/7 operation of a Data Centre including ancillary office space with an initial load capacity of approximately 90MVA [REDACTED]. SSDA determination is anticipated to occur in January-March 2026.

Design information is currently in progress, together with commercial negotiations.

For the proposed Data Centre at [REDACTED], the request to issue Secretary's Environmental Assessment Requirements (SEARs) and subsequent receipts are expected in January-March 2026.

[REDACTED]

Please refer to Appendix 4 for further details about these connection applications.

In May 2025, a fifth connection application was received from another data centre proponent [REDACTED], seeking to expand an existing facility located at [REDACTED]. The additional load request is for 72.5MVA at N-1 permanent supply. Planning studies have commenced, targeting the provision of temporary 11kV supply for an initial expansion in 2027, and permanent 33kV supply from Wallumatta STS once it is commissioned. The applicant lodged a State Significant Development Application [REDACTED] to the NSW Government [REDACTED].

The location of the initial four data centre developments is near the proposed location of Wallumatta STS, as illustrated in the map below, which includes the current land use zoning. The fifth development is located next to Macquarie STS but given that 33kV supply points are not available at this site, opportunities will be sought to rearrange the 33kV network and swap loads between Wallumatta and Macquarie STS.



In summary, Ausgrid has received five formal applications for data centres, which cannot be supplied by the existing Macquarie STS or the Macquarie Park ZS. It follows that this trigger event is satisfied.

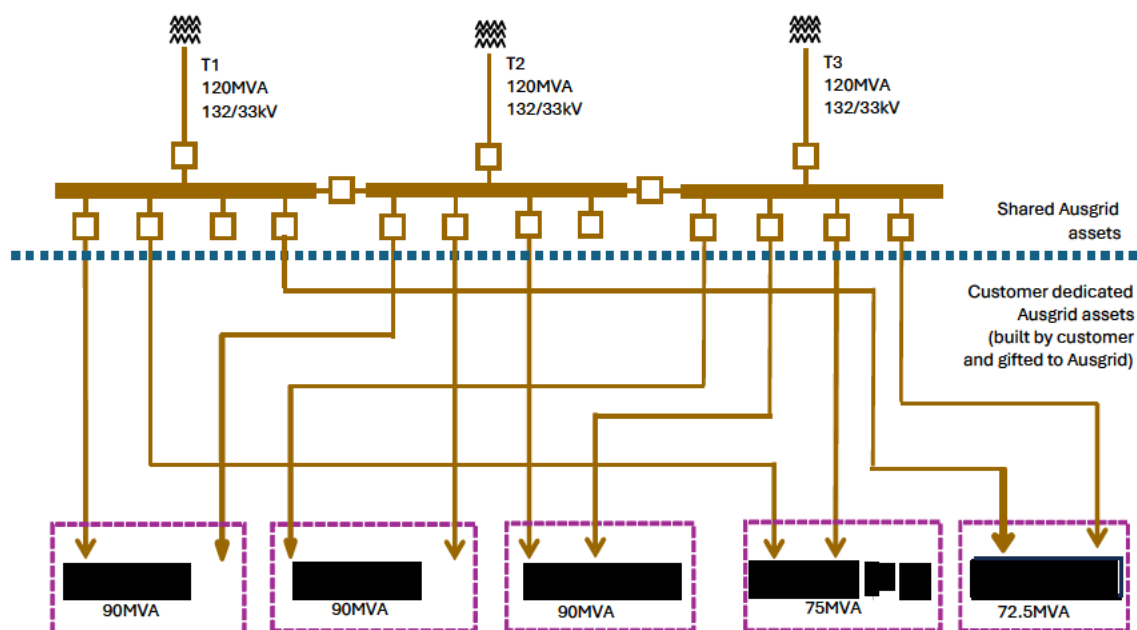
In the revised options analysis, we describe that:

- the project scope would remain unchanged if 3 or 4 instead of 5 connection applications materialise;
- minor adjustments to scope will occur if there are only 2 connection applications that proceed;
- if only one connection application proceeds, no shared network asset is required. The customer will pay the entire connection; and
- if there were no new connection applications, then investment would not proceed.

[REDACTED]

The scope remains unchanged from that presented as proposed investment in the revised options analysis. An indicative connection arrangement for these five connection applications is presented in the diagram below.

Figure 9 – Connection arrangements for new data centre loads at Wallumatta STS



Note – Feeder bay allocations are indicative only

3.2.2 Ausgrid has successfully completed a RIT-D

The second trigger for the CPA is that the AER is satisfied that Ausgrid has completed a RIT-D to determine the preferred credible option to connect and supply the load or loads, pursuant to the NER.

Ausgrid has completed its RIT-D process, with its FPAR published on 11 October 2024. The 30-day dispute period ended on 10 November 2024, and no enquiries/disputes were received in relation to the RIT-D. Refer to sections 2.2 and 2.3 of this CPA for further details.

3.2.3 Ausgrid's CEO has sent a letter to the AER confirming our commitment to proceed with the preferred option identified in the RIT-D

The final trigger for the CPA is a letter from Ausgrid's CEO to the AER to confirm Ausgrid's commitment to delivering the preferred option, subject to the AER amending Ausgrid's 2024-29 regulatory determination pursuant to the NER.

This letter was sent to the AER on 07 February 2025. A copy of the letter is included in Appendix 1.

3.3 Project Timing

The expected commencement and completion dates for this project are as follows:

- Date for commencement: July 2025
- Expected completion date: end of FY29

As the commencement date is during the current 2024-29 regulatory control period, the proposed timing meets the relevant criteria set out in clause 6.6A.2(b) of the NER.

3.4 Pre-lodgement consultation with the AER

The AER's Process Guideline for Contingent Project Applications under the NER encourages network service providers to engage with the AER prior to lodgement of a contingent project.

We undertook a pre-lodgement process with the provision of a range of background and supporting information to the AER team responsible for assessing Ausgrid's regulatory proposal. As part of this process, we discussed details of the contingent project, sought feedback in relation to key areas our application should address, agreed timing to submit the

CPA and discussed lessons learnt from previous applications. Dates and topics discussed in these meetings are provided below:

- 11 November 2024 - review of progress against approved trigger events and changes experienced since the initial Wallumatta project business case was submitted to the AER in November 2023;
- 20 November 2024 - discussed details of credible and non-credible options proposed during the RIT-D process, including consideration of network capital costs and customer connection costs; and
- 27 November 2024 - discussed the pricing and revenue aspects of the Wallumatta STS CPA.

For these sessions, two presentations were prepared. These information packs are included as Appendix 7.

Since Ausgrid's initial submission on 07 February 2025, the AER requested additional information to assess the contingent project. Dates of these requests are provided below:

1. Information Request #001 sent on 07 March 2025 with response provided on 14 March 2025,
2. Information Request #002 sent on 11 April 2025 with response provided on 17 April 2025,
3. Information Request #003 sent on 22 May 2025 with response provided on 13 June 2025,
4. Information Request #004 sent on 25 July 2025 with response provided on 01 August 2025, and
5. Information Request #005 sent on 24 September 2025 with response provided on 03 October 2025.

Three meetings were held to discuss details of the CPA and related network planning studies undertaken in the Macquarie Park area. Dates and topics discussed in these meetings are provided below:

- 07 May 2025 – options proposed, substation arrangements and proposed location of the substation,
- 28 May 2025 – status of customer's connection applications, consideration of customer connection costs and long-term planning strategy for the Macquarie Park area, and
- 12 August 2025 – inclusion of direct customer contributions and timing to resubmit the CPA.

In addition, an email dated 01 July 2025 was sent to propose a way forward to address the difference in preferred connection options for the Wallumatta STS project.

3.5 Compliance with clauses 5.17.4(z) and 5.17.4(z1)

Clause 5.17.4(z) states that at the same time as a RIT-D proponent submits a CPA, the proponent must also provide the AER with a statement containing the confirmation:

- on whether there has been a material change in circumstances, including any supporting analysis;
- whether the proponent has met its obligations to reapply the RIT-D;
- of the actions (if any) the RIT-D proponent was required to take pursuant to a determination by the AER and timeframe within which any such actions were to be completed; and
- of the actions (if any) the RIT-D proponent took as a result of the MCC and the date on which any such actions were completed.

In accordance with this requirement, Ausgrid's confirms that:

- there has not been an MCC, given that less than six months have elapsed since completion of the RIT-D, and
- no additional actions have been imposed by the AER.

A formal statement is provided at Appendix 2. Ausgrid will also publish this statement in accordance with clause 5.17.4(z1), which requires that it is published at the same time, or as soon as reasonably practicable after, the RIT-D proponent's submission of a CPA.

4 Forecast capex and opex

This section provides details of the forecast total capex for the project as well as a forecast of the incremental operating expenditure for the remainder of the current 2024-29 regulatory period.

4.1 Forecast capex

4.1.1 Total forecast capex

The table below provides a summary breakdown of the project cost components, and the basis of this capex forecast.

Table 6 – Overview of forecast capex (\$ million, real 2023-24)

Capex item	Labour	Materials	Contracted Services	Total	Basis for forecast
Acquisition of property					Market valuation
New 132/33kV STS					Costs from similar projects
132kV connections					Cost of similar cable replacement projects
Total exc. contingency					
Contingency allowance					Probabilistic risk assessment
Capex incl. contributions	17.18	52.76	92.37	162.31	
Direct customer contribution			-15.00	-15.00	Upfront funding contributions
Capex excl. contributions	17.18	52.76	77.37	147.31	

Ausgrid estimated the capex by considering the scope of work and actual costs from previous similar projects, including:

- establishment of Macquarie STS, completed in July 2021, and Alexandria STS, completed in July 2017;
- installation of an additional transformer at Macquarie STS, planned for completion in December 2025;
- replacement of 132kV feeders supplying Zetland and Waterloo load areas, including feeders 9SA and 92P running from the Beaconsfield BSP to Campbell St ZS and Belmore Park ZS respectively, by constructing 3.5km of dual circuit ductline and installing high-capacity cables in these ductlines;
- replacement of 132kV feeder 264 supplying the Kingsford load area (Kingsford ZS) from Beaconsfield BSP, by constructing a mix of dual and single circuit ductline and installing a new high-capacity cable;
- replacement of 132kV feeders 923 and 924 supplying the Burwood load area (Burwood ZS) from Mason Park STSS, by constructing 1.5km of dual circuit ductline and installing new cables in these ductlines; and
- costs of under bores under M2 based on actual cost of horizontal directional drilling for Centenary Drive 132kV under bore project, completed in 2022.

The proposed scope includes:

- Acquisition of property at site 2;

The new Wallumatta STS will use a portion of the site area.

- Construction of the new Wallumatta 132/33kV STS, comprising:
 - 4 transformer bays (3 for the new transformers and one additional for a future 4th unit)
 - 3 x 120MVA 132/33kV transformer units;
 - A new switchroom building with similar dimensions as per Alexandria STS, capable to house 132kV switchgear equipment, 33kV switchgear equipment and associated protection systems rooms;
 - 10 x 132kV Gas Insulated Switchgear equipment;
 - 18 x 33kV circuit breakers (i.e., 3 transformer breakers, 3 bus section breakers and 12 feeder panels); and
 - Secondary systems comprising batteries, DC boards, auxiliary transformers, lightning masts, light & power.
- Installation of 132kV feeder connections to tee off from East Ryde Transition Point to Wallumatta STS, comprising:

- Two 132kV underground to overhead connection pole structures to connect to East Ryde Transition Point;
- Construction of approximately 7km of dual circuit ductline from the transition point to the substation site, capable to accommodate single cables per phase (i.e., six ducts);
- Construction of approximately 200 metres of bore under major roads (i.e., Lane Cove/Epping Rd);
- Installation of 2000mm² cross-linked polyethylene (XLPE) cables (i.e., two circuits x three phases of 132kV CU1) between East Ryde Transition Point and the substation site;
- Installation of 12 x 132kV joint bays; and
- 132kV termination cable works at substation cable basement.

The cost estimate is based on the same unit rates used in Ausgrid's 2024-29 regulatory proposal. These unit rates are in turn based on the expenditure incurred in similar projects completed in recent years. Details of the cost estimates as well as associated unit rates and other assumptions are available in Appendix 5.

Contingency costs have been estimated based on a probabilistic risk assessment, which involved multiplying the probability of an event occurring by the likely cost impact once an event occurs. The probability of an event or risk to occur is determined from the likelihood range established during risk workshops undertaken with internal Ausgrid subject matter experts, with input from external consultants specialising in managing risk. The cost impact may vary from an optimistic case (P10)¹², a likely outcome (P50)¹³ to a pessimistic case (P90)¹⁴ for each of the identified risks. Please refer to Appendix 6 for details about how the contingency allowance has been estimated, supported by independent advice in relation to a quantified risk register and Monte Carlo analysis. The key project risks identified are associated with uncertainties around the land upon which the new STS will be built, resourcing difficulties, changes in design standards and escalation of prices. The combined value of the project risks is \$18.86 million.

The data centre customers will contribute to the upfront cost of the shared network. The combined contribution represents the difference between a shared network solution that offers a 132kV connection and the customer's preference for a 33kV supply solution i.e. Option 10 and Option 5, respectively.

Ausgrid considers that the proposed forecast capex is prudent and efficient, reflecting the amount reasonably required to deliver the project based on available information. The estimates are based on projects deemed prudent and efficient by the AER, as they formed part of the final decision on Ausgrid's 2019-2024 determination.

4.1.2 Forecast of capex by year

The NER requires Ausgrid to forecast the capex reasonably required for the project for each remaining regulatory year of the current regulatory period, as per clause 6.6A.2(b)(2).

The table below presents the forecast capex required for each remaining regulatory year. It reflects the delivery schedule for the project and the forecast capex estimated above.

Table 7 – Forecast capex by year (\$ million, real 2023-24)

	Current regulatory period					Next period	Total
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	
Capex incl. contributions	■	■	■	■	■	■	162.31
Customer contributions	■	■	■	■	■	■	-15.00
Capex excl. contributions	■	■	■	■	■	■	147.31

Based on actual expenditure incurred in similar projects recently completed, the proposed forecast capex by year has been developed on the basis of the following assumptions:

- project initiation in 2024-25.
- acquisition of property, project development and design work activities in 2025-26.
- civil & building construction, including tendering, for substation and 132kV feeder connection works in 2026-27.
- civil works above plus equipment installation and cable laying works in 2027-28.
- completion of electrical fit-out, testing and commissioning in 2028-29.

¹² A 10% confidence that the project can be delivered to the amount or less.

¹³ A 50% confidence that the project can be delivered to the amount or less.

¹⁴ A 90% confidence that the project can be delivered to the amount or less.

The forecast capex profile is consistent with that proposed in the RIT-D, which was subject to public consultation.

4.1.3 Expected capex exceeds the materiality threshold for a CPA

The AER must be satisfied that the forecast capex amount exceeds a threshold amount for a CPA application.

The relevant threshold is either \$30 million or 5 per cent of the value of the annual revenue requirement for the relevant Distribution Network Service Provider for the first year of the relevant regulatory control period, whichever is the larger amount, as per clause 6.6A.2(b)(4).

Ausgrid's annual revenue requirement as determined by the AER is \$1,693.96 million for 2024-25 (\$ nominal, smoothed for Ausgrid's distribution and transmission networks¹⁵), the first year of the 2024-29 regulatory period, or \$1,650.07 million in real 2023-24. 5 per cent of Ausgrid's annual revenue requirement in 2024-25 is \$82.5 million in real 2023-24.

The proposed forecast capex for this project is \$147.31 million, which exceeds the materiality threshold of \$82.5 million.

4.1.4 Capex forecast for the CESS

The incremental capex over the current regulatory period to 2028-29 results in an increase in the ex-ante capex forecast for the purposes of the Capital Expenditure Sharing Scheme (CESS) in accordance with the requirements of the scheme¹⁶.

The revised capex forecast to be used to calculate efficiency gains in the current regulatory period is outlined in the table below, compared with the existing CESS target.

Table 8 – Forecast capex excluding customer contributions for the CESS (\$ million, real 2023-24)

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Existing target capex for CESS	650.11	587.07	597.29	580.98	549.84	2,965.28
New target capex for CESS	650.20	624.53	608.37	627.99	600.18	3,111.27

4.2 Forecast incremental opex

Given the expected timing of commissioning for Wallumatta in late 2028-29, we have not included any incremental routine operating and maintenance costs over the current regulatory period.

We have included incremental opex for additional debt raising costs associated with changes to the debt component of the regulated asset base due to the incremental capex.

Table 9 – Forecast incremental opex by year (\$ million, real 2023-24)

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Debt raising costs	-	0.00	0.02	0.02	0.05	0.09

These incremental debt raising costs are calculated automatically in the Post Tax Revenue Model (PTRM).

The incremental operating expenditure above results in a minor adjustment to the target operating expenditure forecast, before excludable costs, for the purposes of the Efficiency Benefit Sharing Scheme (EBSS) in accordance with the requirements of the scheme.

Table 10 – Forecast opex for the EBSS (\$ million, real 2023-24)

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Existing target opex for EBSS	461.66	467.05	478.67	478.06	479.35	2,364.78
New target opex for EBSS	461.66	467.05	478.69	478.08	479.40	2,364.87

¹⁵ <https://www.aer.gov.au/documents/aer-final-decision-attachment-1-annual-revenue-requirement-ausgrid-2024-29-distribution-revenue-proposal-april-2024>. Refer to section 1.1 of this document.

¹⁶ <https://www.aer.gov.au/documents/aer-final-decision-review-incentive-schemes-networks-28-april-2023>.

5 Incremental revenue

This section outlines the incremental revenue required to the end of the 2024-29 regulatory period. Clause 6.6A.2(b)(7) of the NER requires that incremental revenue for a contingent project must be calculated:

- in accordance with the requirements of the PTRM;
- in accordance with the requirements of the Roll Forward Model (RFM);
- using the allowed rate of return for that Distribution Network Service Provider for the regulatory control period;
- in accordance with the NER requirements for depreciation; and
- on the basis of the capex and incremental opex.

The PTRM used to calculate incremental revenue have been provided as part of this CPA (refer to Appendix 3). It is based on our 2024-29 - PTRM - Transmission - 2025-26 Return on debt update, amended to incorporate the forecast incremental capex and customer contributions over the current regulatory period to 2028-29, as set out in Chapter 4. The modelling has been made in a manner consistent with the AER's final decision for Ausgrid's 2024-29 regulatory determination.

5.1 Weighted Average Cost of Capital (WACC)

The NER requires Ausgrid to model incremental revenue based on the prevailing rate of return determined by the AER for the DNSP's current regulatory determination. The table below sets out the WACC used by Ausgrid to calculate the incremental revenue, which is consistent with the AER's final decision for Ausgrid's 2024-29 regulatory period.

Table 11 – WACC parameters

	AER's final decision 2024-29	Notes
Risk free rate	4.19%	Constant
Forecast inflation	2.66%	Constant
Market risk premium	6.20%	Constant
Gearing	60%	Constant
Equity beta	0.6	Constant
Nominal pre-tax return on debt	4.65%	Updated annually
Nominal post-tax return on equity	7.91%	Constant
Nominal vanilla WACC	5.95%	Updated annually

5.2 Regulatory depreciation

The NER require Ausgrid to model incremental revenue using the same depreciation approach as determined by the AER in its current regulatory determination. The table below sets out the asset lives used by Ausgrid to calculate the incremental regulatory depreciation revenue, using the standard asset lives approved for its transmission (dual function) network.¹⁷

Table 12 – Asset lives

Asset category	Standard life (years)
Transmission transformers 132/66KV	50.0
Transmission substation equipment 132/66KV	45.0
Zone substation equipment 132/66KV	45.0
Ancillary substation equipment (tx)	15.0
132KV feeders underground	45.0
Buildings (system)	60.0

¹⁷ <https://www.aer.gov.au/documents/aer-final-decision-attachment-4-regulatory-depreciation-ausgrid-2024-29-distribution-revenue-proposal-april-2024>. Refer to Table 4.4 of this document.

We have calculated the incremental regulatory depreciation, which is nominal straight line depreciation net of the indexation on the RAB, in a manner consistent with the AER's final decision for Ausgrid's 2024-29 regulatory period. The table below sets out the incremental regulatory depreciation and revised regulatory depreciation proposed by Ausgrid.

Table 13 – Incremental regulatory depreciation – dual function assets (\$ million, nominal)

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Approved regulatory depreciation	8.28	11.92	16.03	17.06	17.69	70.98
Incremental regulatory depreciation	-	0.00	-1.03	-1.11	-1.36	-3.51
Revised regulatory depreciation	8.28	11.92	15.00	15.95	16.33	67.48

5.3 Tax allowance

We have calculated the tax allowance in a manner consistent with the approach adopted by the AER for Ausgrid's final 2024-29 decision. The table below sets out the incremental and revised tax allowance proposed by Ausgrid. The increase in the tax allowance reflects primarily the increase in net taxable revenue due to the receipt of direct customer contributions, being taxable cash contributions to Ausgrid.

Table 14 – Incremental tax allowance – dual function (\$ million, nominal)

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Approved tax allowance	3.75	3.90	4.03	3.36	3.92	18.96
Incremental tax allowance	-	0.04	0.27	0.88	1.16	2.36
Revised tax allowance	3.75	3.94	4.30	4.24	5.08	21.32

5.4 Debt raising costs

We have calculated debt raising costs in a manner consistent with the approach adopted by the AER for Ausgrid's final 2024-29 decision. The table below sets out the incremental debt raising costs proposed by Ausgrid.

Table 15 – Incremental debt raising costs – dual function (\$ million, nominal)

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Approved debt raising costs	1.28	1.30	1.32	1.33	1.35	6.58
Incremental debt raising costs	-	0.00	0.02	0.03	0.06	0.10
Revised debt raising costs	1.28	1.30	1.34	1.36	1.40	6.68

5.5 Incremental revenue required for each remaining year

The table below sets out the incremental revenue requirement for each of the remaining years in the regulatory period, which reflects the input data set out above and the opex information in chapter 4.

Table 16 – Incremental revenue requirement (\$ million, nominal)

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Return on capital	-	0.01	2.46	3.32	6.80	12.58
Return of capital (reg depreciation)	-	0.00	-1.03	-1.11	-1.36	-3.51
Opex	-	0.00	0.02	0.03	0.06	0.10
Tax allowance	-	0.04	0.27	0.88	1.16	2.36
Unsmoothed revenue	-	0.05	1.72	3.11	6.65	11.53

5.6 Amended maximum allowed revenue

The table below sets out the incremental change and revised MAR for each of the remaining years in the regulatory period.

Table 17 – Amended annual maximum allowed revenue, unsmoothed (\$ million, nominal)

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Approved MAR unsmoothed (distribution)	1,679.33	1,807.83	1,778.76	1,791.54	1,843.64	8,901.11
Approved MAR unsmoothed (dual assets)	190.38	200.99	204.87	206.62	214.55	1,017.42
Incremental MAR unsmoothed*	-	0.05	1.72	3.11	6.65	11.53
Revised total MAR unsmoothed	1,869.71	2,008.88	1,985.35	2,001.28	2,064.84	9,930.06

*Incremental revenue applies only to dual function asset revenue

The revenue in Table 17 above presents the incremental revenue associated with the Wallumatta STS project to Ausgrid's revenue from dual function assets during the 2024-29 regulatory control period.

To minimise bill impact on electricity customers, Ausgrid has calculated smoothed MAR, incorporating the existing X factors approved by the AER to 2027-28, with the final year 2028-29 X factor recalculated to achieve NPV neutrality between smoothed and unsmoothed revenue. The reason this approach minimises the bill impact on electricity customers is that revenue in the period is recovered in the year of commissioning. This means the costs of Wallumatta STS will be recovered through individually calculated tariffs from those customers directly connected to the new STS.

Table 18 – Amended annual maximum allowed revenue, smoothed (\$ million, nominal)

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Approved MAR smoothed (distribution)	1,538.53	1,672.92	1,820.98	1,982.14	1,933.79	8,948.35
Approved MAR smoothed (dual assets)	155.43	199.18	225.34	222.96	220.62	1,023.53
Incremental MAR smoothed	-	-	-	-	11.96	11.96
Revised total MAR smoothed	1,693.96	1,872.10	2,046.31	2,205.10	2,166.36	9,983.84

5.7 Customer bill impact

Wallumatta STS is expected to have a small impact on customer bills during the 2024-29 regulatory period. From the expected commissioning date of June 2029, as already noted, the cost of Wallumatta STS will be recovered from the directly connected customers. This approach minimises the impact on other Ausgrid customers, with some increased charges in 2028-29 prior to the expected connection of the new customers. This arises because the incremental revenue applies for the whole year that the project is commissioned, but the data centre customers will only be charged for one month (June 2029).

The table below shows the FY29 upper-bound bill impact on other customers under a worst-case assumption of no FY29 recovery from directly connected customers. Any June consumption by customers directly connected to Wallumatta would reduce the impact. In subsequent years, no impact is expected on other customers.

Table 19 – Indicative impact per average customer (\$ nominal, ex GST)

	2024-25	2025-26	2026-27	2027-28	2028-29
Residential		\$0.00	\$0.00	\$0.00	\$1.74
Small Business		\$0.00	\$0.00	\$0.00	\$7.51
Medium business		\$0.00	\$0.00	\$0.00	\$423.92
Large business		\$0.00	\$0.00	\$0.00	\$1,199.58
Industrial		\$0.00	\$0.00	\$0.00	\$2,314.61

Direct-connect customers at Wallumatta STS are expected to contribute minimally in FY29, assuming the incremental MAR is recovered from the broader base in FY29.

Compared to the previous version, the updated bill impacts rise to ~\$0.25 (residential) up to ~\$26.39 (industrial), even though the total revenue is lower due to commissioning date moved to late FY29. This is a worst-case assumption, given that any FY29 revenue from direct-connect load would moderate these impacts.

6 Guide to compliance

This section sets out a checklist that demonstrates the compliance of this CPA with the NER requirements.

Clause	NER Requirement	Section in CPA
6.6A.2(b)(1)	an explanation that substantiates the occurrence of the trigger event	3.2 & Appendix 1 & 4
6.6A.2(b)(2)	a forecast of the total capex expenditure for the contingent project	4.1
6.6A.2(b)(3)	A forecast of the capital and incremental operating expenditure for each remaining regulatory year which is reasonable required for the purpose of undertaking the contingent project.	4.1.2 & 4.2
6.6A.2(b)(4)	How the forecast of the total capex for the contingent project meets the threshold	4.1.3
6.6A.2(b)(5)	The intended date for commencing the contingent project	3.3
6.6A.2(b)(6)	The anticipated date for completing the contingent project	3.3
6.6A.2(b)(7)	An estimate of the incremental revenue which is likely to be required to be earned in each remaining regulatory year of the regulatory control period as a result of the contingent project being undertaken, which must be calculated: (i) In accordance with the requirements of the post-tax revenue model referred to in clause 6.4.1 (ii) In accordance with the requirements of the of the roll forward model referred to in clause 6.5.1(b) (iii) Using the allowed rate of return for that DNSP for the regulatory control period as determined in accordance with clause 6.5.2 (iv) In accordance with the requirements for depreciation referred to in clause 6.5.5, and (v) On the basis of the capex and incremental opex referred to in subparagraph (b)(3).	5
5.17.4(z)	At the same time that a RIT-D proponent submits an application under clause 6.6A.2(a), the RIT-D proponent must provide the AER with a statement to containing information: (1) on whether or not there has been a material change in circumstances contemplated under subparagraph (t)(3) and any supporting analysis (2) that the RIT-D proponent has complied with its obligations under paragraphs (t), (u1) and (u2); (3) of the actions (if any) the RIT-D proponent was required to take pursuant to a determination by the AER under paragraph (w) and timeframe within which any such actions were to be completed; and (4) of the actions (if any) the RIT-D proponent took as a result of the material change in circumstances and the date on which any such actions were completed	Appendix 2



Ausgrid