

Explanatory Statement

Final amendments to Transmission Efficiency
Test and revenue determination guideline for
non-contestable network infrastructure projects

December 2025

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AER reference: **AER25010706**

Amendment record

Version	Date	Pages
01	27 April 2023	14
02	25 July 2024	20
03	12 December 2025	29

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1 Introduction

This explanatory statement accompanies the final amendments to our *Transmission Efficiency Test and revenue determination guideline for non-contestable network infrastructure projects* (Non-contestable Guideline). It describes our final position on matters we have identified as part of our 2025 review of the Non-contestable Guideline.

We initiated the review of the Non-contestable Guideline with the aim of incorporating into it amendments made in 2024 to the *Electricity Infrastructure Investment Regulation 2021* (NSW) (EII Regulation) to deal with network infrastructure projects that combine both contestable and non-contestable components (we refer to these as hybrid projects).¹ We consider the changes to the Non-contestable Guideline are necessary given that the framework designed to regulate hybrid projects is new. It is therefore necessary for the Australian Energy Regulator (AER) to provide stakeholders with clear direction on how it intends to apply the hybrid arrangements. Further, under the amendments to the EII Regulation, the Non-contestable Guideline must set out how the AER will apply its guidelines for contestable and non-contestable revenue determinations to contestable components.² Our review also included some minor and administrative changes that we considered needed to be made to the Non-contestable Guideline.

This explanatory statement sets out our reasons for the amendments we have made between the draft and final versions of the Non-contestable Guideline. It also explains how we have considered the stakeholder submissions we received in response to the draft amendments to the Non-contestable Guideline.

This explanatory statement builds on our earlier documents. The rationale for the amendments are set out in the [Explanatory Statement](#) for the amendments to the draft Non-contestable Guideline which we released in September 2025. This reasoning remains current except where there is explicit discussion to the contrary in this document.

1.1 Consultation process

1.1.1 Draft Guideline

On 2 September 2025, we published the draft amendments to the Non-contestable Guideline with accompanying explanatory statement. The amendments were primarily focused on reflecting the change made to the EII Regulation in 2024 which allows for the regulation of hybrid network infrastructure projects (that is, projects that combine both contestable and non-contestable components). The key change we proposed was to include in the Non-contestable Guideline a new chapter 7 that provides guidance to Network Operators and other stakeholders on:

- The framework the EII Regulation sets out for making hybrid revenue determinations

¹ See [Electricity Infrastructure Investment Amendment \(Revenue Determinations\) Regulation 2024 \(NSW\)](#).

² EII Regulation, cl. 47A(6).

- Our approach for determining contestable components of a hybrid revenue determination, including how we intend to apply the AER's *Revenue determination guideline for NSW contestable network projects* (Contestable Guideline)³ to the:
 - Monitoring and assessment of a competitive assessment process
 - Assessment of contestable components that are derived from a genuine and appropriate competitive process.
- Our approach to how we intend to apply the Non-contestable Guideline to assess contestable components that are not derived from a genuine and appropriate competitive process
- Our approach to determining non-contestable components of a hybrid revenue determination
- Application of incentive schemes and adjustments
- The making of a hybrid revenue determination
- Modifications to the standard non-contestable process steps to accommodate contestable components.

We considered these changes necessary to facilitate the hybrid revenue determination process and provide stakeholders with clear direction on how we intend to approach assessing and making hybrid revenue determinations.

Other amendments in the draft Non-contestable Guideline included minor and administrative amendments to update references to the regulatory framework, improve clarity and correct typographical errors.

1.1.2 Public consultation

The consultation period for our draft Non-contestable Guideline commenced on 2 September 2025 and closed on 30 September 2025. We received 3 written submissions within the consultation period from Ausgrid, Energy Users Association of Australia (EUAA) and Transgrid. We also received a late submission from Energy Corporation of NSW (EnergyCo). All submissions provided feedback on how the Non-contestable Guideline could be further amended.

We have updated our Non-contestable Guideline where relevant to reflect stakeholders' feedback. We have responded to the key issues raised in submissions in section 2 of this explanatory statement and respond to all other issues raised in submissions in section 3.

³ The AER's *Revenue determination guideline for NSW contestable projects* can be found here - <https://www.aer.gov.au/industry/registers/resources/guidelines/revenue-determination-guideline-nsw-contestable-projects>.

1.2 Future amendments

We may amend the Non-contestable Guideline from time to time. When we amend the Non-contestable Guideline, we follow the procedures set out in clause 47C of the EII Regulation including public consultation on a draft Non-contestable Guideline before finalising any amendments.⁴

On 26 November 2025, the NSW Department of Climate Change, Energy, the Environment and Water (NSW DCCEEW) wrote to the AER requesting the AER incorporate the March 2025 [AEMC Rule Change Determination - National Electricity Amendment \(Improving the cost recovery arrangements for transmission non-network options\) Rule](#) (AEMC Rule Change) into the Non-contestable Guideline. NSW DCCEEW's letter states this would be consistent with previous AER decisions to harmonise processes under the *Electricity Infrastructure Investment Act 2020* (NSW) (EII Act) with those under the National Electricity Rules (NER).

We have considered NSW DCCEEW's request along with Transgrid's submission on the AEMC Rule Change which is discussed in further detail in section 3. We intend to undertake a targeted review of the Non-contestable Guideline in the first half of 2026 to incorporate the AEMC Rule Change into the Non-contestable Guideline (EII Chapter 6A).

⁴ That is, for any changes not considered minor or administrative; see EII Regulation, cl. 47C(2).

2 AER response to key issues raised in submissions

In finalising the Non-contestable Guideline, we considered 4 stakeholder submissions received from Ausgrid, EnergyCo, EUAA and Transgrid in response to our draft Non-contestable Guideline. All submissions provided feedback as to how the guideline could be further amended.⁵

We have updated our Non-contestable Guideline where relevant to address stakeholders' feedback. The section below sets out key issues raised by stakeholders and our response, including where we have made further changes to the Non-contestable Guideline. Our response to other issues raised in stakeholder submissions is set out in section 3 of this Explanatory Statement.

2.1 Competitive assessment process

We have sought to clarify in Chapter 7 of the Non-contestable Guideline aspects of the competitive assessment process for contestable components of a hybrid revenue determination. We have done this in response to issues raised by both Ausgrid and Transgrid in their submissions on the draft Non-contestable Guideline.

2.1.1 Role of Infrastructure Planner and Network Operator

Ausgrid noted the draft Non-contestable Guideline sets out how the AER intends to monitor the competitive assessment process for contestable components and incorporate contestability criteria from the Contestable Guideline. Ausgrid commented that the framework is unusual in that the regulatory arrangements relate to one party (the Infrastructure Planner) but that it is another party, the Network Operator, who is affected by the outcome of the assessment. Ausgrid suggested the AER provide more clarity on the role of Network Operators throughout the process and how the arrangements may affect them.⁶

We recognise that more information in the Non-contestable Guideline around the roles of the Infrastructure Planner and Network Operator in competitive assessment processes for contestable components would assist stakeholders in understanding how the hybrid revenue determination process may operate. As such, we have included in section 7.2 and section 7.5.1 of the Non-contestable Guideline text which clarifies that:

⁵ Ausgrid, *Submission to AER Review of NSW Non-contestable Guideline*, 30 September 2025, EnergyCo - Submission on AER's Revenue Determination Guideline for NSW non-contestable projects, 24 November 2025, EUAA, *Submission - AER Draft Revenue Determination Guideline for NSW Non-contestable Projects*, 30 September 2025, Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects*, 30 September 2025.

⁶ Ausgrid, *Submission to AER Review of NSW Non-contestable Guideline - Attachment*, 30 September 2025, p.1.

- Consistent with the EII Regulation, the Infrastructure Planner is responsible for undertaking any contestable processes and for engaging with the AER on contestable component/s during the pre-lodgement stage.
- We expect the Network Operator to engage with the Infrastructure Planner on any contestable process being undertaken as part of a hybrid project, and with the AER on the development of the contestable components of its hybrid revenue proposal

In addition, table 2 of the Non-contestable Guideline sets out the key process steps associated with a hybrid revenue determination. It identifies the different roles the Infrastructure Planner and Network Operator will play at the pre-lodgement stage of a hybrid revenue determination process namely:

- The Infrastructure Planner will:
 - Consult and provide the AER with a procurement strategy for the competitive assessment process
 - Conduct the competitive assessment process, including consulting with the AER throughout the process and responding to AER requests for information
 - Select a successful proponent for the competitive process and provide the AER with a report on the competitive assessment process.
- The Network Operator will:
 - Submit a cost allocation methodology (if applicable) for the AER to approve prior to the submission of the hybrid revenue proposal
 - Undertake pre-lodgement engagement, that is, consult with stakeholders on the project and its draft revenue proposal
 - Prepare and submit to the AER a hybrid revenue proposal and a response to any information notice the AER may have issued to the Network Operator under the EII Act.

We may request the Infrastructure Planner provide information to support the hybrid revenue proposal at the time the proposal is submitted to the AER. We may also seek additional information from both the Infrastructure Planner and the Network Operator after the hybrid revenue proposal is submitted to the AER if that information is required for our assessment of the hybrid revenue proposal.

2.1.2 Non-contestable assessment of contestable components

Transgrid encouraged the AER to clarify section 7.2.3 of the Non-contestable Guideline to provide certainty around when a non-contestable assessment would apply to a contestable component.⁷

We have moved a paragraph from section 7.2.4 to section 7.2.3 of the Non-contestable Guideline and amended it to address Transgrid's concerns on this point. This paragraph

⁷ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects – Attachment 1*, 30 September 2025, pp. 16-17.

confirms that in circumstances where we consider the competitive assessment process was not 'genuine and appropriate' or the costs of an element of a contestable component are not the result of a genuine and appropriate competitive assessment process:

- We will notify the Infrastructure Planner and Network Operator stating the reasons why and provide them an opportunity to respond.
- If, after having considered the Infrastructure Planner and Network Operator responses, we are still not satisfied, we will not accept the outcomes of the competitive assessment process for a contestable component (or an element of the contestable component) under the contestable framework. Were this to occur we would consult with the Infrastructure Planner and Network Operator on an approach to progress our assessment of those components or elements using the non-contestable arrangements. We would also require the submission of the revenue proposal with information to allow the AER to assess the prudence, efficiency and reasonableness of those components under the non-contestable framework.

2.2 Adjustments

2.2.1 Adjustments for contestable components

Transgrid's submission encouraged the AER to consider updating the Non-contestable Guideline to:

- indicate that the adjustment mechanisms negotiated by the Infrastructure Planner in the contract(s) (to which the Network Operator signs up to) are to be included in the revenue proposal and will be approved by the regulator in its determination (on the basis of a genuine and appropriate assessment of the competitive process).⁸
- highlight that an adjustment event in the contractual arrangement may trigger a corresponding non-contestable adjustment mechanism.⁹

We have now clarified in section 7.2.6 of the Non-contestable Guideline that if there is an adjustment clause in a contractual arrangement that reflects the risk allocation resulting from a genuine and appropriate competitive assessment process, the Network Operator can propose an adjustment mechanism that aligns with that adjustment clause in its hybrid revenue proposal. Clause 51 of the EII Regulation requires us to accept such mechanisms if they are consistent with the contractual arrangements.

Where the contractual arrangements do not set out the specific method of recovery of an adjustment amount by the Network Operator, we will review the proposed cost recovery method on a non-contestable basis.

⁸ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects – Attachment 1*, 30 September 2025, pp. 5-7.

⁹ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects*, 30 September 2025, p 3.

We consider non-contestable adjustment mechanisms may also be proposed by the Network Operator to reflect risks associated with non-contestable components of a revenue proposal resulting from the application of contestable component adjustment mechanisms. These adjustment mechanisms could take various forms. For example, through an upfront allowance that is trued-up, as an ad hoc adjustment triggered by a specific contractual event or as part of the annual adjustment process. As noted in section 7.3 of the Non-contestable Guideline we will assess any non-contestable adjustment mechanisms in accordance with sections 2 to 5 and Appendix A (EII Chapter 6A) of the Non-contestable Guideline.

2.2.2 Review and remake a revenue determination for adjustments

We will have regard to the EII Act and EII Regulation when considering adjustments, in particular, clause 51(2) of the EII Regulation which states:

(2) A provision in a revenue determination for adjustment may specify the following—

- (a) that a particular adjustment must be carried out at particular times or in particular circumstances, including circumstances where network infrastructure to which the revenue determination relates is transferred,
- (b) that a particular adjustment may or may not require the revenue determination to be reviewed and remade.

Example—

An adjustment may be made for inflation without a review or remake of the revenue determination. The occurrence of a significant event may require the revenue determination to be reviewed and remade.

Transgrid's submission encouraged the AER to provide more guidance in the Non-contestable Guideline on what constitutes a 'significant event' and what it defines as 'mechanical', specifically with a focus upon adjustment events relating to construction risks under the contracts procured and negotiated by the Infrastructure Planner.¹⁰ We understand Transgrid is seeking this guidance so it is clear in what circumstances an adjustment may require a revenue determination to be review and remade.

As noted in our summary report for the Main Central-West Orana REZ network project we intend to take a case-by-case approach to determining whether the application of an adjustment mechanism requires a review and remake determination. This will involve an examination of the individual facts and circumstances of the proposed adjustment, including whether the adjustment reflects the occurrence of a significant event noting there is no quantitative cost threshold applied. We consider the adjustment may require the revenue determination to be reviewed and remade where the adjustment is not mechanical in nature or requires a more rigorous assessment.¹¹

¹⁰ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects – Attachment 1*, 30 September 2025, pp. 2-3.

¹¹ AER, [Revenue Determination \(contestable\) ACERREZ – Main Central-West Orana Renewable Energy Zone network project – Summary Report](#), August 2025, p.42. In raising this issue, Transgrid's submission also quoted this statement from the summary report.

In the context of hybrid revenue determinations, we would expect that contracts derived from a competitive assessment process would generally incorporate clear and robust processes between the contractor and the Network Operator/Infrastructure Planner for calculating any costs that may arise should potential risks eventuate. Any resulting adjustment mechanisms would include a requirement for the contractual process for establishing these costs to be followed and, if so, for the resulting agreed costs to be passed through. We do not consider such adjustments would necessarily require a review and remake of a revenue determination.

2.2.3 Other issues relating to adjustments

A number of other issues were raised by Transgrid in its submission in relation to various aspects of contestable component adjustments. These issues and our response are set out in table 1 below.

Table 1 Other adjustment issues raised by Transgrid and AER response

Issue	Comments raised in submission	AER response
Pre-lodgement engagement on contestable adjustments mechanisms	<ul style="list-style-type: none"> Transgrid sought clarification from the AER on the timing of when any pre-lodgement engagement on contestable adjustment mechanisms for hybrid projects is proposed to occur (if at all) when the Infrastructure Planner has competitively procured a contract for the Network Operator to enter into.¹² 	<ul style="list-style-type: none"> We consider that Transgrid may be viewing adjustment clauses in the contractual arrangements and adjustment mechanisms in the revenue determination as a single concept. Whereas, in practice they are separate but related. For contestable components, any adjustment clauses in the contractual arrangements would reflect the outcome of the competitive assessment process. These are not subject to any form of pre-lodgement engagement. The adjustment mechanisms that the Network Operator proposes in its hybrid revenue proposal and which we will consider including in our revenue determination, will set out how the adjustment clauses are to be applied in practice in the revenue determination. We would expect the Network Operator to engage with the AER on these proposed adjustment mechanisms at the earliest opportunity, preferably, at the pre-lodgement stage. This will

¹² Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects – Attachment 1*, 30 September 2025, pp. 14 - 15.

Issue	Comments raised in submission	AER response
		<p>allow us to identify to the Network Operator further clarifying information which we would require when making our assessment of the adjustment mechanisms. The Network Operator would then be able to include this information in its description of the adjustment mechanisms related to contestable components in its hybrid revenue proposal.</p> <p>As discussed in section 2.2.1, where the contractual arrangements do not set out the specific method of recovery of an adjustment amount by the Network Operator, we will review the proposed cost recovery method on a non-contestable basis.</p>
<p>Inclusion of contestable adjustment mechanisms in a hybrid revenue proposal</p>	<ul style="list-style-type: none"> Transgrid sought clarification on whether the Network Operator is only required to address paragraph 1 in section 6.1 of the Contestable Guideline in their revenue proposal (which would require a statement of whether the contestable components in the Network Operator's revenue proposal are consistent with the contractual arrangement agreed through the competitive assessment process) or if other items in section 6.1, including paragraph 5 dealing with adjustment mechanisms would also need to be addressed.¹³ 	<ul style="list-style-type: none"> We have clarified the wording in section 7.2.3 of the Non-contestable Guideline by removing the reference to paragraph 1 of section 6.1 of the Contestable Guideline. Instead, we have made it clear that a Network Operator's hybrid revenue proposal will be required to include information relating to both contestable and non-contestable components. This will include the information set out in section 4.1.1 of the Non-contestable Guideline (which includes information relating to adjustment mechanisms) and a statement of whether the contestable components in the Network Operator's revenue proposal are consistent with the contractual arrangement resulting from the competitive assessment process. Our amendment also notes the Network Operator's pre-lodgement engagement should clarify expectations around the contents of the revenue proposal. We will also include specific information we require

¹³ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects – Attachment 1*, 30 September 2025, pp. 3-4.

Issue	Comments raised in submission	AER response
		in the information notice we issue to the Network Operator prior to the submission of the revenue proposal.
Frequency of adjustment events	<ul style="list-style-type: none"> Transgrid recommended the AER provide guidance on its expectation for the approach to the frequency of submitting adjustment events. Transgrid wanted to know if there is an expectation that adjustment events are to be submitted as soon as possible following the trigger event occurring or if they should be aggregated and submitted quarterly, six monthly or annually.¹⁴ 	<ul style="list-style-type: none"> We have not amended the wording in section 7.2.6 of the Non-contestable Guideline which refers to the application of section 7.5 of our Contestable Guideline when dealing with contestable component adjustments. We would generally expect to make revenue adjustments annually unless otherwise specified in the contractual arrangement consistent with section 7.5.1 of the Contestable Guideline. However, we recognise that some adjustment events may specify a trigger event which requires the proposed revenue adjustment outside of the annual process. The frequency of adjustments is a matter for the Network Operator to propose and justify to the AER in its hybrid revenue proposal.

¹⁴ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects – Attachment 1*, 30 September 2025, p. 11.

Issue	Comments raised in submission	AER response
Compliance checking of contestable adjustments	<ul style="list-style-type: none"> Transgrid sought further guidance on what would constitute a compliance check of contestable adjustments. In particular, Transgrid noted that in the context of a construction risk adjustment, it is unclear if a compliance check is limited to procedural checking (adjustment exists under contract, valid claim submitted and administered appropriately) or if the AER envisages some right to 're-assess' the contractor's claims made under the contract and provide a view on the appropriateness of the Network Operator's claim quantum assessment.¹⁵ 	<ul style="list-style-type: none"> We have amended section 7.2.6 of the Non-contestable Guideline to make it clear we do not intend to review the quantum of any proposed contestable adjustment amounts. Instead, we will undertake compliance checks to ensure that we are satisfied that the process followed for determining these amounts aligns with the process set out in the relevant contractual arrangements for the contestable component. We expect the process for determining adjustment amounts will be clearly set out in any proposed contestable adjustment mechanism in the hybrid revenue proposal and will reference the relevant contractual requirements.
Evidence of Infrastructure Planner notification of adjusted amounts	<ul style="list-style-type: none"> Transgrid in its submission was concerned that the evidence required to support an adjustment proposal for a contestable component would include a notification from the Infrastructure Planner of the amounts of any agreed variations as referenced in section 7.5.1 of our Contestable Guideline. Transgrid stated that in contracts arising out of contestable components the Infrastructure Planner does not administer the adjustment mechanism or approve the adjusted amounts.¹⁶ 	<ul style="list-style-type: none"> We are not proposing to make any further amendments to the wording in section 7.2.6 of the Non-contestable Guideline to address this specific issue. For contestable components our compliance review of any adjustment proposals will involve us checking that the Network Operator has followed all contractual processes that apply to any adjustment amounts. Depending upon the contractual arrangements this may or may not require the Infrastructure Planner to approve an adjustment amount.

¹⁵ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects – Attachment 1*, 30 September 2025, pp. 10 -11.

¹⁶ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects – Attachment 1*, 30 September 2025, pp. 7-8.

2.3 Making a revenue determination

Section 7.4 of the Non-contestable Guideline states we will apply the building block approach using our Post Tax Revenue Model (PTRM) to determine the Network Operator's regulated revenues and schedule of amounts payable for each year of the regulatory period for a hybrid revenue determination.

Ausgrid's submission suggested that the Non-contestable Guideline provide more clarity on how the contestable component will be assessed if it was procured on the basis of a fixed price for service provision over the long term. Ausgrid considered that if some form of calculation to convert the capital and ongoing operating costs to a stream of payments has already been made for the contestable component, the contracted costs should not be included in the building block model as the revenue stream would be a single input added to the regulated revenue payment stream.¹⁷

We expect that for a hybrid revenue determination the outcome of a contestable component would result in a cost input, such as a capital cost expenditure profile and/or operating expenditure profile, rather than a revenue stream. That is, a contestable outcome would not convert a network operator's capital and operating costs into a revenue stream. As the conversion or calculation of a stream of payments would not form part of a contestable outcome, we consider the costs from a contestable component can be included as an input into the calculation of the building blocks in the PTRM.

2.4 Timing and sequencing of additional pre-lodgement steps

The Non-contestable Guideline maintains the position that the contestable component pre-lodgement steps, including the provision of the procurement report by the Infrastructure Planner and the AER's genuine and appropriate decision, are to be undertaken prior to the Network Operator submitting its revenue proposal to the AER.

In their submissions, Ausgrid and EUAA did not raise any concerns about these pre-lodgement steps or their timing. However, Transgrid, in its submission, noted there may be time critical projects where the sequencing proposed in the draft Non-contestable Guideline (genuine and appropriate decision made in 42 business days, prior to the 126 business days once the revenue proposal is submitted) is disadvantageous to timely delivery of the project. Transgrid encouraged the AER to streamline the time for making its genuine and appropriate decision or adopt a deemed compliant report approach to assist with compliance and timely submission of the hybrid revenue proposal.¹⁸ Transgrid notes this approach:

¹⁷ Ausgrid, *Submission to AER Review of NSW Non-contestable Guideline - Attachment*, 30 September 2025, pp. 2-3.

¹⁸ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects*, 30 September 2025, p. 3.

- allows the AER to perform the majority of its genuine and appropriate review in parallel to the Infrastructure Planner's finalisation of the competitive process, saving up to 30 business days (noting the back end of a competitive process is typically final negotiations of contract drafting and internal governance approvals prior to the execution of contracts).
- allows a faster transition between the procurement, the Network Operator executing the contract(s), and the submission of the revenue proposal.
- would be applied in extenuating circumstances only, and the Infrastructure Planner could liaise with the AER to seek its approval prior to adopting this approach.¹⁹

EnergyCo's late submission welcomes the AER formally communicating its 'genuine and appropriate' decision as early as possible. However, it noted that the proposed approach will result in a longer timeframe for the AER to make a hybrid revenue determination than either a contestable or non-contestable revenue determination. EnergyCo proposed that the final Non-contestable Guideline consider flexibility for shorter genuine and appropriate assessments for hybrid determinations. It proposed amending the explicit references to 42 business days by:

- replacing it with 'The AER will endeavour to expedite the completion of its genuine and appropriate assessment in circumstances where it has been involved throughout the competitive process', or
- amending the final Non-contestable Guideline to state, 'where the AER has been involved throughout a competitive process, the AER will endeavour to complete its 'genuine and appropriate' assessment in a shorter time period than 42 business days.'²⁰

We have reviewed both Transgrid and EnergyCo's submissions and, on balance, do not consider it is necessary to change the sequencing or timing of the pre-lodgement steps for contestable components.

In determining the amount payable to a Network Operator for carrying out a network infrastructure project, we are guided by the objectives of the EII Act and the principle that a Network Operator is entitled to recover the prudent, efficient and reasonable costs incurred by the Network Operator for carrying out the infrastructure project.²¹ In exercising our functions under the EII Act we are not subject to the control or direction of the Minister.²²

The contestable process relies on competition between market participants to reveal efficient costs. Our role in relation to contestable processes is to assess whether a competitive assessment process was genuine and appropriate. If so, we must rely on and adopt the

¹⁹ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects – Attachment 1*, 30 September 2025, p. 13.

²⁰ EnergyCo - Submission on AER's Revenue Determination Guideline for NSW non-contestable projects, 24 November 2025, pp.1-2.

²¹ EII Act, s.37(1)(a).

²² EII Act s.64(5).

contestably determined costs as being prudent, efficient and reasonable,²³ and we must make our revenue determination consistent with the outcomes of the competitive assessment process. In performing this role it is possible that we find that the competitive process was not genuine and appropriate or a proposed contestable component (or part thereof) was not the outcome of a genuine and appropriate process. The latter was found to be the case in a previous contestable process that we have assessed. In that case, although the contestable process was considered to be genuine and appropriate, an element proposed as a contestable component was not found to be the outcome of that contestable process and was excluded from our revenue determination.

We consider the risk that a hybrid non-contestable process will be delayed or exceed the statutory timeframe of 126 business days is far greater if our genuine and appropriate assessment occurs concurrently with the submission of the Network Operator's revenue proposal. This is because if we find that the competitive assessment process was not genuine and appropriate (or an element of a proposed contestable component) was not the outcome of a genuine and appropriate process, the Network Operator would have to develop and submit information to support a non-contestable assessment of that element. We would then need to consult with stakeholders to obtain their views on this information. This would likely result in the hybrid revenue determination process exceeding the 126 business day timeframe.

The EII Act and EII Regulation do not provide the AER with the ability to 'stop the clock' in circumstances where it needs to obtain further information or evidence to support its assessment. Once the AER has received a compliant proposal from a Network Operator the 126 business day timeframe for making a non-contestable revenue determination commences. Where we fail to make a revenue determination within the timeframe stipulated in the EII Regulation the Network Operator is entitled to recover reasonable costs incurred.²⁴ We are required to assess these costs, including whether the Network Operator contributed to the delay.²⁵ Accordingly, there is a risk that NSW electricity consumers may end up paying more if the hybrid revenue determination process is delayed by a requirement for the Network Operator to provide revised information to support a non-contestable assessment.

Further, public consultation and stakeholder engagement is a key part of the non-contestable framework and is embedded into the non-contestable revenue determination process through the Non-contestable Guideline and EII Chapter 6A.²⁶ We consider maintaining the sequential process set out in the draft Non-contestable Guideline provides the Network Operator and other stakeholders with more certainty and allows us to utilise all non-contestable engagement and consultation process steps (such as publication and consultation on the Network Operator's revenue proposal and the AER's preliminary position paper) to the maximum extent.

²³ EII Regulation, cl.46(1)(a)(i).

²⁴ EII Regulation, cls. 46(1)(b)(iii) and 50(3).

²⁵ EII Regulation, cl.46(2).

²⁶ EII Regulation, clause 47A(3)(b) which requires that the Non-contestable Guideline be consistent as far as is reasonably practicable with the *National Electricity Rules* (NER), Chapter 6A as that Chapter applies to the AER making a transmission determination.

In the final Non-contestable Guideline we have not changed the requirement set out in table 2 in section 7.5.1 for us to use our best endeavours to notify the Infrastructure Planner whether we are satisfied with the competitive process within 42 business days. This amount of time reflects our recent experience with undertaking similar decisions for contestable projects. However, we will seek to undertake our assessment of a procurement report as expeditiously as possible. In this regard, we are willing to receive from the Infrastructure Planner draft procurement reports in advance of any formal submission of the procurement report. This can assist us in identifying any information gaps at an earlier stage of the process and potentially streamline the process once the Infrastructure Planner submits the final procurement report. If we have all the information, we require at the time the procurement report is submitted, and there are no material issues arising from that information, we may be able to make our genuine and appropriate decision in a shorter timeframe than 42 business days.

Overall, we consider our preferred timing and sequencing of the genuine and appropriate decision provides greater certainty for all parties involved in the hybrid revenue determination process. It will prevent potential delays once the revenue proposal is submitted to the AER and is more likely to result in an efficient revenue determination process that facilitates effective consultation and engagement.

We have, therefore, not made any changes to the sequencing or timing of the contestable components' pre-lodgement steps in the final Non-contestable Guideline. We have inserted some additional text in section 7.2.3 which cross references table 2 in section 7.5.1 and makes it clear that the provision of the Infrastructure Planner's report on the competitive process and our assessment of whether the process was genuine and appropriate will occur at the pre-lodgement stage and before the Network Operator submits its revenue proposal to the AER.²⁷

We have considered Ausgrid's suggestion to include a timeline or flowchart showing how the Infrastructure Planner competitive tender timeline fits in with the AER's review milestones and the subsequent revenue determination milestones.²⁸ We have not included a timeline or flowchart on the basis that we consider table 2 in section 7.5.1 of the Non-contestable Guideline gives stakeholders sufficient guidance on the timing and milestones for a hybrid revenue determination. It also provides us, the Infrastructure Planner, the Network Operator and stakeholders with the flexibility to deal with timing issues associated with specific hybrid projects. We may revisit the need to include a timeline or flowchart in future reviews of the Non-contestable Guideline once we have more experience in making hybrid revenue determinations.

²⁷ This drafting change also reflects a suggestion made by Transgrid in its submission – see Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects – Attachment 1*, 30 September 2025, pp. 11-12.

²⁸ Ausgrid, *Submission to AER Review of NSW Non-contestable Guideline - Attachment*, 30 September 2025, p.1.

2.5 Timing for making a hybrid revenue determination

Once we receive a compliant revenue proposal from a Network Operator, we have 126 business days to make a hybrid revenue determination.²⁹

Transgrid's submission encouraged the AER to consider if there is any room to further optimise the 126 business day timeframe for making a hybrid revenue determination. In particular, Transgrid noted the AER would have already assessed the genuineness and appropriateness of the competitive process as a pre-lodgement step and believes the 126 business day timeframe could be drastically reduced.³⁰

A hybrid revenue determination will always contain non-contestable components. For this reason, the process to be followed for hybrid determinations will always incorporate certain steps to facilitate stakeholder engagement such as the publication and consultation on the revenue proposal, publication and consultation on our preliminary position paper, and a stakeholder forum to discuss key issues arising out of the hybrid revenue proposal. Undertaking these process steps will necessarily constrain how much the timeframe for making a revenue determination can be reduced.

We have the discretion under the EII Regulation to make a hybrid revenue determination in less time than the statutory 126 business days and we will exercise this discretion when appropriate. We will do this on a case-by-case basis, where we are satisfied the Network Operator has provided us with all the information we require to make our determination and stakeholders have been provided sufficient opportunity to engage with the revenue proposal and our preliminary positions on key issues.

Network Operators can facilitate an efficient and effective revenue determination process by actively engaging with the AER and other stakeholders at the pre-lodgement phase of the project. This will help inform what information and issues need to be canvassed in the revenue proposal and allow parties to identify any areas of concern and explain the reasons for its position to the other parties. In addition, the provision of a high-quality revenue proposal and supporting information will provide the AER and other stakeholders with an informed view of the Network Operator's proposal and the drivers for its forecast costs. It will facilitate the AER's assessment of the prudence, efficiency and reasonableness of the Network Operator's costs in a timely manner and minimise the risk that the making of the revenue determination (and therefore the progression of the project) will be delayed.

2.6 Confidentiality and stakeholder engagement

Generally, stakeholders were supportive of our approach to transparency, confidentiality and

²⁹ EII Regulation, cl. 50(1)(b).

³⁰ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects – Attachment 1*, 30 September 2025, p. 13.

stakeholder engagement.³¹ Accordingly, we are not substantively changing the approach we set out to confidentiality and stakeholder engagement for hybrid revenue determinations in section 7.5.2 of the draft Non-contestable Guideline.

2.6.1 Presentation of the hybrid revenue proposal

Ausgrid's submission suggested how the Network Operator's revenue proposal should be presented by separating out the contestable components and non-contestable components comprising the following:

- Contestable component - project scope, tender outcome, contract cost profile, confirmations costs set via tender and are consistent with the contract and authorisation.
- Non-contestable component - justification of cost build-up and evidence of efficiency, capex, opex, weighted average cost of capital and maximum annual revenue requirements.

Ausgrid also considered the revenue proposal should contain a consolidated view showing the combined total revenue requirement.³²

In response to Ausgrid's concerns we have updated table 3 in section 7.5.2 of the Non-contestable Guideline (see the second row dealing with the submission and publication of the revenue proposal) to make it clear we expect a Network Operator's hybrid revenue proposal to clearly separate out the contestable and non-contestable components of a hybrid project. We consider this will facilitate the understanding and engagement of stakeholders on the key elements of the proposal.

We do not consider it is necessary to include in the Non-contestable Guideline any further detail on the content or format of the revenue proposal noting:

- the contents of the proposal are already referenced in the Non-Contestable Guideline (see sections 4.1.1 and 7.2.3), and
- we have additional flexibility through our use of the information notice we issue to the Network Operator under section 38(7) of the EII Act to set out further specific requirements to be included in a hybrid revenue proposal.

Transgrid also encouraged the AER to provide clarity on its expectations for how any adjustments to the contestable cost component amounts (referred to in Table 3 of section 7.5.2 of the draft Non-contestable Guideline) are to be presented in the hybrid revenue proposal. Transgrid queried if the AER expected an aggregated risk based estimate driven

³¹ For example, see the EUAA, *Submission - AER Draft Revenue Determination Guideline for NSW Non-contestable Projects*, 30 September 2025, pp.1-2.

³² Ausgrid, *Submission to AER Review of NSW Non-contestable Guideline - Attachment*, 30 September 2025, p.2.

off each of the contract adjustment mechanisms or visibility between individual adjustment mechanisms.³³

We have amended the text in table 3 in section 7.5.2 of the Non-contestable Guideline (see the second row dealing with the submission and publication of the revenue proposal) to clarify that we would expect a hybrid revenue proposal to include each adjustment mechanism that may vary the contestable cost component amounts. We would expect the hybrid revenue proposal to set out a description of each adjustment mechanism (at least at a summary level) for publication with additional detail provided on each adjustment mechanism (including how the adjustment mechanism will operate consistent with the contractual arrangements). Any claims on why information on adjustment mechanisms related to contestable cost components cannot be published will need to be provided as part of the revenue proposal.

2.6.2 Presentation of the hybrid revenue determination

Ausgrid's submission suggested the AER's final determination should present the revenue requirement separated into contestable and non-contestable components so that consumers and stakeholders can see what portion of the hybrid revenue comes from a competitively-sourced cost and a non-competitive regulated cost. Ausgrid was of the view this approach would set up a clearer narrative in the determination, explaining that the contestable costs were not subject to further efficiency review as a result of competition, while the non-contestable costs were scrutinised through the AER's usual review process.³⁴

Consistent with our approach for contestable and non-contestable revenue determinations, we are not proposing to set out in the Non-contestable Guideline the structure and format of our hybrid revenue determination. Generally, we expect a hybrid revenue determination would include the following:

- details relating to the project scope and authorisation under the EII Act
- pre-lodgement steps and engagement undertaken by the AER, the Infrastructure Planner, the Network Operator, and stakeholders
- details of the revenue determination process following the submission of the hybrid revenue proposal including stakeholder consultation, our preliminary position paper, and any stakeholder forum.
- the Network Operator's revenue proposal (both contestable and non-contestable components), and our assessment and reasoning
- the overall regulated revenues and schedule of amounts payable for the regulatory control period

³³ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects – Attachment 1*, 30 September 2025, pp. 15-16.

³⁴ Ausgrid, *Submission to AER Review of NSW Non-contestable Guideline - Attachment*, 30 September 2025, p.2.

We are not proposing to separate out the portion of revenue attributable to the contestable and non-contestable components respectively as suggested by Ausgrid. This is because we consider the calculation of the revenue for a hybrid revenue determination involves treating contestable components as cost inputs which are combined with the non-contestable component cost inputs to calculate the building blocks in the PTRM.

3 AER response to other issues raised in submissions

The AER’s consideration of other issues raised in stakeholder submissions to the draft Non-contestable Guideline are set out in the table below along with the AER’s response.

Table 2 AER response to issues raised in submissions

AER response to issues raised in submissions
<p>Issue: <i>Incorporate the AEMC Rule Change relating to Cost recovery arrangements for transmission non-network options into EII Chapter 6A</i></p> <p>Submission that raised this: Transgrid</p> <p>Comments: Transgrid noted that EII Chapter 6A was last updated in July 2024 and since that time, there have been changes to Chapter 6A of the NER including the AEMC Rule Change relating to Cost recovery arrangements for transmission non-network options (the AEMC Rule Change). This rule change was requested by Transgrid to address barriers that it considered were limiting the delivery of non-network options. Transgrid also stated there was uncertainty whether commercially agreed network support payments would be approved as prudent and efficient for the life of a network support agreement. Transgrid noted that the AEMC Rule Change creates an ex-ante process that allows transmission network service providers (TNSPs) to adjust their network support allowance when significant non-network options change or emerge mid regulatory period.³⁵</p> <p>Transgrid considered the AEMC Rule Change presented no alignment or compatibility issues with the cost recovery structures under the EII Act given:</p> <ul style="list-style-type: none">• it is specifically designed to allow cost recovery during a regulatory control period• is intended to provide flexibility and certainty• it does not displace or override the existing EII Act revenue proposal, revenue determination and annual adjustments processes for non-contestable components of hybrid projects.³⁶ <p>Transgrid’s submission recommended that the Non-contestable Guideline be updated to reflect the current revision of Chapter 6A of the NER, version 235 dated 4 September 2025, or otherwise, incorporate and reflect the AEMC Rule Change. Transgrid suggested this be done as a matter of priority (now rather than as part of the anticipated 2026 review</p>

³⁵ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects*, 30 September 2025, p. 4.

³⁶ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects*, 30 September 2025, p. 4.

AER response to issues raised in submissions

of the Non-contestable Guideline) to avoid any prolonged cost recovery uncertainty or lack of commitment to long-term non-network solutions under the EII Act

AER response: The current review of the Non-contestable Guideline is a targeted review specifically designed to make the changes necessary to facilitate the hybrid revenue determination process and provide Network Operators and stakeholders with clear direction on how we intend to approach and make hybrid revenue determinations. We do not consider it is reasonably practicable to include the AEMC Rule Change in this current review on the basis that:

i) *In-depth review into the AEMC Rule Change is required*

We would have to undertake an in-depth review of the AEMC Rule Change's application to EII Chapter 6A. The length of time required to undertake this in-depth review would result in the current Non-contestable Guideline review being delayed and not concluded until next year.

ii) *Network alternative support payment guideline is under development*

As part of the AEMC Rule Change we are required to develop and publish a guideline on network alternative support payments (NER Guideline) by March 2026. We are currently in the process of developing this NER Guideline. Until this process is complete, it is difficult to fully consider the impact of the AEMC Rule Change and how its proposed changes will affect non-contestable revenue determinations made under the EII Act. We consider there would be greater certainty for Network Operators and stakeholders if we deferred making any amendments to the Non-contestable Guideline resulting from the AEMC Rule Change until the NER Guideline has been finalised.

On 26 November 2025, NSW DCCEEW wrote to the AER requesting that we incorporate the AEMC Rule Change into the Non-contestable Guideline. NSW DCCEEW's letter states this would be consistent with previous AER decisions to harmonise processes under the EII Act with those under the NER.

We have considered NSW DCCEEW's request, along with Transgrid's submission, and we intend to undertake a targeted review of the Non-contestable Guideline in the first half of 2026 to incorporate the AEMC Rule Change into the Non-contestable Guideline (EII Chapter 6A).

AER response to issues raised in submissions

Issue: *Schedule of payments*

Submission that raised this: Transgrid

Comments: Transgrid noted in its submission that Network Operators are required to include in their revenue proposals:

- a schedule of payments setting out quarterly amounts proposed to be paid to the Network Operator by the Scheme Financial Vehicle (SFV) for carrying out the project, and
- the methodology by which the quarterly schedule of payment amounts are to be calculated from the total revenue.

Given the above, and the importance of revenue timing for project financeability, Transgrid requested that the final Non-contestable Guideline or associated guidance provide direction as to when a Network Operator can propose the commencement of payments.³⁷

AER response: Under the EII Act and EII Regulation, the AER has the discretion to specify when the regulatory period commences and the date within each quarter of a regulatory year that payments are to be made by.³⁸ In exercising its discretion, the AER will take a case-by-case approach having regard to the facts, circumstances and information to support a particular regulatory period commencement date and timing of quarterly payments date put forward by the Network Operator in its revenue proposal.

The default approach set out in our PTRM (amended for EII determinations)³⁹ is to assume payment dates as at the end of each quarter of a regulatory year (which coincides with a financial year). This is set out in the first non-contestable revenue determination we made under the EII Act for the Waratah Super Battery Project where the regulatory period, consistent with our determinations under the NER framework, was set on a financial basis commencing on 1 July. We expect to take a similar approach in other non-contestable revenue determinations. If a Network Operator's revenue proposal for a REZ project varies from the above approach we would expect the Network Operator to provide reasons as to why it considers the commencement of the regulatory period and timing of quarterly payments should be varied, including why it is in the long-term interest of consumers.

We are also aware that the SFV needs to plan for payments to the Network Operator to ensure the Electricity Infrastructure Fund is sufficient to accommodate the commencement of payments. Contribution determinations are slow to adapt to significant new cost streams given that it takes 21 months from the time we make our contribution determination in February each year for monies to be fully recovered through the SFV's contribution orders.

³⁷ Transgrid, *Submission - 2025 Review of revenue determination guideline for NSW non-contestable projects*, 30 September 2025, p. 3.

³⁸ EII Act, ss.38 & 39, EII Regulation, cl.52(2).

³⁹ AER - *non-contestable - EII Sample PTRM template* - November 2024.

AER response to issues raised in submissions

This can mean that it is not possible to quickly correct a funding shortfall through one contribution determination process. As such we expect that consultation is required with the SFV regarding the above matters.

Issue: *Amending explicit references to 42 business days in sections 5.4.2 and 6.3 of the Non-contestable Guideline*

Submission that raised this: EnergyCo

Comments: EnergyCo's submission, as noted in section 2.4 of this Explanatory Statement, suggested amending the explicit references to 42 business days in section sections 5.4.2 and 6.3 of the Non-contestable Guideline.

AER response: The reference to 42 business days in section 5.4.2 of the Non-contestable Guideline relates to the timeframe in which we will endeavour to make revenue adjustment decisions after receiving the revenue adjustment proposal. We have not changed the 42 business days allocated to us to make revenue adjustment proposal. This amount of time reflects our recent experience with undertaking similar decisions for other REZ projects. In practice, we are willing to operate flexibly and receive drafts of the adjustment proposal in advance of any formal submission of the revenue adjustment proposal. This can assist us to identify any information gaps at an earlier stage and streamline the revenue adjustment process once the Network Operator submits its formal adjustment proposal. If we have all the information we require at the time the adjustment proposal is submitted, and there are no material issues arising from that information, we may be able to make a revenue adjustment decision in a shorter timeframe than the allocated 42 business days.

The reference to 42 business days in section 6.3 of the Non-contestable Guideline refers to extending the time period for the making of a contestable augmentation determination by 42 business days if we are satisfied the extension is reasonably necessary because:

- the revenue determination is complex, and
- we are not satisfied that a cost component should be considered a contestable or referenced cost.

We note clause 50(2A) of the EII Regulation allows us to, by written notice to the Network Operator, extend the timeframe for making a contestable augmentation determination by a further 42 business days.

Issue: *Clarification of assessment approach for contestable components*

Submission that raised this: EUAA

Comments: In describing how the hybrid revenue determination process will work the EUAA referred to the AER using its contestable revenue determination if the competitive assessment process was deemed to be genuine and appropriate and its non-contestable

AER response to issues raised in submissions

revenue determination if the process was not genuine and appropriate.⁴⁰

AER response: To clarify, if the AER considers a competitive assessment process for a contestable component to be genuine and appropriate we will use the contestable assessment approach set out in section 7.2.4 of the Non-contestable Guideline (which applies section 7.4 of our Contestable Guideline).

If we consider the competitive assessment process for a contestable component is not genuine and appropriate we will use the assessment approach set out in section 7.2.4 of the Non-contestable Guideline (which applies section 5 and Appendix A of this Non-contestable Guideline).

Issue: *Clarification of any inconsistency between the Contestable Guideline and Chapter 7 of the Non-contestable Guideline*

Submission that raised this: EnergyCo

Comments: EnergyCo's submission suggested it would be helpful to clarify the approach if there is any inconsistency between the Contestable Guideline and the Non-contestable Guideline including Chapter 7 of the draft Non-contestable Guideline. EnergyCo noted that in relation to the procurement strategy, the Contestable Guideline states that the AER's feedback on the procurement strategy is not required before the Infrastructure Planner commences the procurement process, however, the draft Non-contestable Guideline does not specifically address this point.⁴¹

AER response: We have applied the Contestable Guideline to various aspects of the competitive assessment process in section 7.2 (Contestable components) of the Non-contestable Guideline. In doing this, it is our intention that unless expressly stated otherwise in the Non-contestable Guideline, the process and requirements in the Contestable Guideline will apply.

We note section 7.2.2 (Procurement strategy) of the Non-contestable Guideline applies section 4 of the Contestable Guideline. Section 4.1 of the Contestable Guideline indicates the Infrastructure Planner may commence a competitive assessment process prior to receiving a notification from the AER that we are satisfied the process is likely to be genuine and appropriate.

Issue: *Clarification of competitive outcomes for contestable components*

Submission that raised this: EUAA

Comments: The EUAA's submission recognised that while the original bidding process

⁴⁰ EUAA, *Submission - AER Draft Revenue Determination Guideline for NSW Non-contestable Projects*, 30 September 2025, p.1.

⁴¹ EnergyCo - *Submission on AER's Revenue Determination Guideline for NSW non-contestable projects*, 24 November 2025, p. 2.

AER response to issues raised in submissions

might give a competitive outcome based on the bid allocation of risk (and adjustment events), there is no guarantee that the competitive outcome of the original bidding process would flow over into the final Commitment/Project Deed the network operator would sign with EnergyCo. EUAA were of this view this would only be the case if the adjustment events in the Deeds are exactly the same as the bid documents.⁴²

AER response: Following the conclusion of the competitive assessment process for a contestable component:

- the contractual arrangements between the successful tenderer, the Network Operator and the Infrastructure Planner will be finalised. Any changes to the contractual arrangements at this stage should be limited to reflecting the agreed outcome of the competitive process or relate to minor matters resolved through subsequent negotiations.
- we will decide whether we are satisfied the competitive assessment process was genuine and appropriate
- the Network Operator will then prepare and submit to the AER the hybrid revenue proposal.

As part of our assessment of contestable components that are genuine and appropriate we will confirm that the costs and risk allocation presented in the revenue proposal are consistent with the competitive outcome. To the extent any contractual arrangements differ from the competitive outcome, we would assess the costs and risk allocation on a non-contestable basis.

Issue: *Referencing in the Non-contestable Guideline*

Submission that raised this: EnergyCo

Comments: EnergyCo's submission suggested including more detailed referencing on sections which deal with multiple issues such as section 7.2.3 of the draft Non-contestable Guideline. EnergyCo are of the view this would assist stakeholders.⁴³

AER response: We agree further referencing would be useful in section 7.2.3 of the Non-contestable Guideline and have inserted three additional numbered headings.

⁴² EUAA, *Submission - AER Draft Revenue Determination Guideline for NSW Non-contestable Projects*, 30 September 2025, p.2.

⁴³ EnergyCo - *Submission on AER's Revenue Determination Guideline for NSW non-contestable projects*, 24 November 2025, p. 2.

Glossary

Term	Definition
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
Competitive assessment process	Has the meaning given to that term in the EII Regulation
Contestable component	Has the meaning given to that term in the EII Regulation
Contestable costs	Costs determined as a result of a competitive assessment process
EII Act, the Act	<i>Electricity Infrastructure Investment Act 2020 (NSW)</i>
EII Regulation	<i>Electricity Infrastructure Investment Regulation (NSW) 2021</i>
Hybrid revenue determination	A non-contestable revenue determination that includes at least: <ul style="list-style-type: none"> - one contestable component derived as a result of a competitive assessment process; and - one component that is not a contestable component.
Non-contestable Guideline	The AER's Transmission Efficiency Test and revenue determination guideline for non-contestable network infrastructure projects
NER	National Electricity Rules
Network Operator	Has the meaning given to that term in the EII Act
Non-contestable costs	Costs determined by an AER assessment of the prudent, efficient and reasonable cost based on the application of our Guideline
PTRM	Post-tax revenue model
Project, network infrastructure project	A REZ Network Infrastructure Project or Priority Network Infrastructure Project as defined in the EII Act
Regulator	A person or body appointed as a regulator under section 64 of the EII Act. The AER has been appointed as a Regulator for the purposes of Part 5 of the EII Act
Transmission Efficiency Test	The test to be applied to calculate the prudent, efficient and reasonable capital costs for development and construction of a network infrastructure project under section 38(4) of the EII Act
TNSP	Transmission network service provider