

Amendment to framework and approach paper

Murraylink

1 July 2028 – 30 June 2033

December 2025

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1 Introduction

The Australian Energy Regulator (AER) exists to ensure energy consumers are better off, now and in the future. Consumers are at the heart of our work, and we focus on ensuring a secure, reliable, and affordable energy future for Australia. The regulatory framework governing electricity transmission and distribution networks is the National Electricity Law and Rules (NEL and NER). Our work is guided by the National Electricity Objective (NEO).

A regulated network business must periodically apply to us for a determination of the revenue it can recover from consumers using its network. Murraylink Transmission Company Pty Ltd (ABN 42 089 875 605) (hereby Murraylink) is due to submit its next revenue proposal by 31 January 2027, for the period 1 July 2028 to 30 June 2033 (2028–33 period).

The first step in our process to determine efficient prices for an electricity transmission service is to publish a Framework and Approach paper (F&A). The F&A sets our approach to key elements of the upcoming determination and facilitates early public consultation before businesses prepare and submit their revenue proposals. These elements include:

- Which incentive schemes will apply, for example, to service quality, improvements in network reliability or capital and operating expenditure.¹ The purpose of incentive schemes is to provide network service providers with incentives to only incur efficient costs and to meet or exceed service quality targets.
- Our approach to setting efficient expenditure allowances² and depreciation for the establishment of the opening regulatory asset base for the upcoming regulatory control period³.

The F&A that has applied to Murraylink in the current (2023–28) regulatory control period was published in July 2021.⁴ Since then, we have seen significant changes in the energy market and the rules, schemes and guidelines under which we regulate electricity networks.

On 30 October 2025, Murraylink wrote to us, asking us to consider amending or replacing their current F&A in preparation for the 2028–33 period. We published this letter on our website and sought submissions from stakeholders on whether amendments to, or replacement of, the F&A is necessary or desirable.⁵

We have decided that we will amend the F&A for Murraylink in order to update it for recent changes to incentive schemes and guidelines. We will also give consideration to stakeholder submissions, Murraylink's letter and other matters appropriate for us to address in the F&A.

We will engage further with stakeholders as we consider preliminary positions on possible amendments required in April 2026, before making a final decision in July 2026.

¹ NER, cll. 6A.10.1A(b)(1), (2), (3), (4) and (7)

² NER, cll. 6A.10.1A(b)(5)

³ NER, cll. 6A.10.1A(b)(6)

⁴ AER, [Murraylink 2023–28 - Framework and approach](#), July 2021.

⁵ Murraylink, [Transmission Determination 2028-33 Consultation on F&A paper](#), 14 November 2025.

2 Matters identified for review

2.1 Application of incentive schemes

Our F&A for Murraylink will set out our proposed approach to the application of the following incentive schemes in the 2028–33 period:

- service target performance incentive scheme (STPIS)⁶
- efficiency benefit sharing scheme (EBSS)⁷
- capital expenditure sharing scheme (CESS)⁸
- small-scale incentive scheme (SSIS)⁹
- demand management innovation allowance mechanism (DMIAM)¹⁰

These schemes work together within a revenue determination to provide incentives for network service providers to invest efficiently and operate in the long-term interests of consumers.

2.1.1 Recent developments

Since we published the F&A for the current (2023–28) period, we have finalised reviews into the CESS, EBSS and STPIS, which resulted in a new version of CESS (version 4) and STPIS (version 6).

On 30 April 2023, we published a final decision on our review of incentive schemes.¹¹ Our final decision included:

- Retaining the EBSS as is;
- amending the CESS to implement a tiered sharing ratio for capital expenditure underspends and to be more flexible in applying CESS to contingent projects; and
- a decision to undertake a review of the market impact component of the transmission STPIS, and the related Network Capability Incentive Parameter Action Plan (NCIPAP) scheme.

We completed the review of the STPIS in April 2025, which included:

- amendments to the service component and network capability components of the STPIS; and
- the suspension of the market impact component, while a working group is established with AEMO and key stakeholders to explore developing an effective alternative. The working group is expected to conclude in mid-2026.

⁶ NER, cl. 6A.10.1A(b)(1)

⁷ NER, cl. 6A.10.1A(b)(2)

⁸ NER, cl. 6A.10.1A(b)(3)

⁹ NER, cl. 6A.10.1A(b)(4)

¹⁰ NER, cl. 6A.10.1A(b)(7)

¹¹ AER, *Final decision - [Review of incentive schemes for networks](#)*, 28 April 2023

The AER recently submitted a Rule change proposal to the AEMC to allow TNSPs and the AER to apply to have the revised STPIS apply at an earlier stage than the next revenue determination.¹² This could see version 6 of the STPIS apply to Murraylink prior to the commencement of its upcoming regulatory control period.

In August 2024, the Australian Energy Market Commission (AEMC) published an amending rule for managing ISP project uncertainty through targeted ex post reviews.¹³ We commenced a review of our Capital Expenditure Incentive Guideline in light of the rule change and published updated Guidelines in August 2025.¹⁴ The update to elements in the Guidelines relevant to transmission relate to the interaction of CESS with ISP projects.

We will amend the F&A to reflect the latest versions of the incentive schemes for the 2028–33 period.

2.2 Expenditure forecast assessment guidelines

Our F&A for Murraylink will set out our proposed approach to the application of our Expenditure Forecast Assessment Guidelines (Guidelines).¹⁵ These Guidelines describe the process, techniques and associated data requirements for our approach to setting efficient expenditure allowances for network businesses.

The Guidelines were applied to Murraylink in our assessment of the proposal for the current (2023–28) period. Since then, the Guidelines have been updated to incorporate the new national energy objective to consider greenhouse gas emission targets.

Although the Guidelines were applied to Murraylink in our assessment of the proposal for the current (2023–28) period, a customised approach was adopted to account for its distinct technology, size and role in comparison to other TNSPs. Our position was to tailor the approach to reflect Murraylink’s unique network operations. This included not applying the standardised benchmarking analysis or predictive modelling in assessing its capex and opex forecasts as well as tailoring the information required from Murraylink through the regulatory information notice process.¹⁶ Murraylink appreciated our tailored approach.¹⁷

¹² AER, [Rule change request - Early application of a revised transmission Service Target Performance Incentive Scheme](#), August 2025.

¹³ AEMC, [Managing ISP project uncertainty through targeted ex post reviews: Final determination](#), 1 August 2024.

¹⁴ AER, [Capital Expenditure Guideline Review 2025](#), 26 August 2025.

¹⁵ NER, cl. 6A.10.1A(b)(5)

¹⁶ AER, [Murraylink 2023–28 - Framework and approach](#), July 2021, p. 7.

¹⁷ Murraylink, [Letter to AER on Framework and Approach](#), 30 October 2025, p. 2.

2.3 Establishing the opening regulatory asset base for the regulatory period

Our F&A for Murraylink will set out whether depreciation for establishing the opening regulatory asset base at the commencement of the 2033–38 regulatory control period is to be based on actual or forecast capital expenditure.¹⁸

We will use depreciation based on forecast capital expenditure for establishing the opening regulatory asset base at the commencement of the 2033–38 regulatory control period, consistent with the approach adopted for Murraylink for the current (2023–28) period.¹⁹

¹⁸ NER, cl. 6A.10.1A(b)(6)

¹⁹ AER, [Murraylink 2023–28 - Framework and approach](#), July 2021, pp. 20-23.

Glossary

Term	Definition
AER	Australian Energy Regulator
CESS	Capital Expenditure Sharing Scheme
DMIAM	Demand Management Innovation Allowance Mechanism
EBSS	Efficiency Benefit Sharing Scheme
F&A	Framework and Approach paper
Guidelines	Expenditure Forecast Assessment Guidelines
NEL	National Electricity Law
NEO	National Electricity Objective
NER	National Electricity Rules
SSIS	Small-Scale Incentive Scheme
STPIS	Service Target Performance Incentive Scheme
TNSP	Transmission Network Service Provider