CITIPOWER

UNCERTAINTY FRAMEWORK

FAULT LEVEL EVENT

CP RRP ATT 7.01 – PUBLIC

2026–31 REVISED PROPOSAL

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1. Overview

As part of our network planning responsibility, we are required to ensure that short circuit levels at all zone substations, and the 66kV buses of the connection assets, remain within the fault level limits set out in:

- the Electricity Distribution Code of Practice (EDCoP)
- our connection agreements with our customers within which facilities connected to our network are required to operate
- the primary or secondary plant limitations (plant limits) for each zone substation and bus.

If network fault levels are exceeded, it can lead to catastrophic equipment failure, serious safety hazards like arc flashes and widespread power outages. The most immediate risk is that protective devices like circuit breakers, which have a maximum interrupting capacity, can fail and destroy themselves, creating a dangerous situation for anyone close by. This will cause significant damage to electrical equipment and surrounding infrastructure.

Consistent with these responsibilities, we specified a nominated fault level pass through event in our regulatory proposal.[1]

The draft decision did not accept this nominated pass-through event. The decision was informed by advice from the Australian Energy Market Operator (AEMO), which was interpreted by the AER as supporting its position that a fault level event is unlikely to occur and can be mitigated at a lower cost by a prudent service provider.

AEMO's advice was not published with the draft decision but subsequently provided upon request.

For the reasons set out in this addendum, the draft decision misrepresents AEMO's advice (which we believe supports the need for a nominated pass-through event). Accordingly, the draft decision is incorrect to conclude that:

- fault levels can be managed by network planning and design, and the timing and extent of fault level changes can be managed through good electricity industry practices
- there are multiple approaches to managing fault levels, the costs of which are modest
- it is very unlikely a transmission project would have the effect of raising fault levels above their specified limits for our network, and that, if such a project were to arise, the cost impact of the increase in could be mitigated through joint planning and would be modest and immaterial.

Our revised proposal, therefore, re-proposes our original nominated fault-level pass through event.

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[1] See, for example: PAL ATT 11.01 – PUBLIC

2. Background

This section provides further detail on our original proposal, and the draft decision.

2.1 Our regulatory proposal

Our regulatory proposal included a fault level event as a nominated pass through event. It was intended to allow us to recover the prudent and efficient costs we may incur due to increased fault levels on our network.

In our proposal, we observed that:

- we are subject to obligations to keep fault levels on our distribution network below certain levels. In addition to the risk of non-compliance with these obligations, there are also risks of damage to plant and risks to personnel life and safety if the fault level limits of our network are exceeded
- in recent years, the number of areas on our network that are approaching, or have exceeded their fault level limits forcing intervention has significantly increased, primarily because of new large scale generation projects connecting to the 220kV transmission network
- we expect this trend to continue over the forecast period, such that numerous areas on our network will exceed their applicable fault level limits forcing intervention
- to ensure that we can take any required corrective action, we proposed the fault level pass through event.

We refer to the 'Managing Uncertainty' appendix to our regulatory proposal, in which we set out the details as to why this event was necessary, and how it satisfied the nominated pass through event considerations.

The definition we proposed for the fault level event is set out below:

> *A fault level event occurs if a transmission connection agreement for the connection of a new generating system, integrated resource system or synchronous condenser to the Victorian declared transmission system is entered into, which:*
>
> - *will cause a part or parts of our distribution network to operate at fault levels exceeding the lower of:*
>   - *the levels set out in Table 6 of the EDCoP, as applicable to the relevant part of the network based on its voltage level; or*
>   - *the relevant Plant Limit; and*
> - *increases Powercor's costs of providing direct control services.*
>
> *For the purposes of this fault level event:*
>
> *'EDCoP' means the Victorian Electricity Distribution Code of Practice made by the Essential Services Commission Victoria under the Essential Services Commission Act 2001;*

'Plant Limits' means the Primary or Secondary Plant Limitation, retrieved from Zone Substation Plant Data Sheets or advised by the Plant and Stations team within the networks part of our business.

2.2 AER draft decision

The AER assessed the fault level event against the pass-through event considerations, as shown in the extract from its draft decision below.[2] Consistent with this assessment, the AER's draft decision did not accept our proposed fault level pass through event.

FIGURE 1 EXTRACT FROM AER DRAFT DECISION: PASS THROUGH ASSESSMENT

Pass through event considerations	Fault level event	Electrification event	AEMO fee event
(a) Already covered by NER?	No	No	No
(b) Clearly identified?	Yes	No – broad, ambiguous and hard to measure	Yes
(c) Could prudent provider prevent/mitigate?	Yes – through joint planning	Yes – through augex, demand forecast and joint planning	No
(d) Insurable?	No	No	No
Other comments	AEMO advice suggests very unlikely to arise	AER has not accepted similar events, unlikely to manifest, and possibly accounted for elsewhere	Pending AEMO draft fee structure decision in September 2025

Source: AER Analysis

The AER provided the following reasons for its decision not to accept the event:[3]

- we have sought advice from AEMO about any upcoming generation assets that it may add to the Victorian transmission network over the next five years, which could have the effect of impacting current DNSP fault levels. AEMO has said:
  - while it may add generation assets to the Victorian transmission network, the purpose of these will be to maintain current fault levels, rather than increase them, especially above their current levels
  - there has never been a circumstance where a transmission project has increased the fault levels of a downstream DNSP (this almost occurred once but ultimately did not go ahead for this reason)
  - there are current agreements in place between asset owners, the jurisdiction planner and DNSPs to handle and avoid instances where fault levels may exceed their current limits – and this is regarded as an absolute last resort between all parties

[2] AER, *Attachment 4 – Pass through events, Draft decision – CitiPower, Powercor and United Energy distribution determinations 2026 – 2031,* page 10.

[3] AER, *Attachment 4 – Pass through events, Draft decision – CitiPower, Powercor and United Energy distribution determinations 2026 – 2031,* page 11.

- we consider that:
    - fault levels at transmission terminal substations are a function of network configuration, impedances, network augmentation plans, as well as generation type and the pattern of generation determined by network location, operation and dispatch. These are matters that are largely managed by network planning and design and hence the timing and extent of fault level changes can be managed through good electricity industry practices
    - there are a number of approaches to managing fault level changes such as the use of neutral impedances, line impedance management (e.g. Smartwires, etc.), network configuration, and generation constraints to manage operation and dispatch. The costs of these management practices is generally modest in comparison to other NSP capital works programs, and we would expect little or limited investment if fault level changes were, in the unlikely event, planned
    - we therefore consider it is very unlikely that any transmission project would have the effect of raising fault levels above their specified limits for CPU over the 2026–31 period, and that if such a project were to occur, any impact (including cost) on the DNSP's fault levels could be largely or entirely mitigated through joint planning with the TNSP, AEMO and other stakeholders. Further, were any costs incurred by the DNSP to manage its fault levels as a result of such a project, these costs would likely be modest and immaterial. We therefore consider this nominated pass-through event is preventable by prudent planning, and does not meet the nominated pass through event considerations in the NER.

The AER did not attach AEMO's advice to its draft decision. However, it provided the advice via email on 30 October 2025. A copy of this email is attached to this submission, with the AER's questions and AEMO's advice extracted below:

> *[AER question (1)] Can AEMO comment on the likelihood of it installing new generation / system strength assets on the Victorian transmission network over the 2026-31 period, in areas where the distribution network is not equipped to handle high fault levels, such that it would necessitate material rectification works to be undertaken by the DNSP?*
>
> *[AEMO response] AEMO Victorian Transmission Planning (AVP) annually conducts reviews of fault levels in the Victorian transmission network, the current network and the forecast network for the next 5 years. When conducting the review of maximum fault levels AVP applies the IEC 60909, standard for calculations and follows the guidance of the standard in making the assumption that all fault contributing plant in the modelled area is available to contribute it's maximum fault contribution. As part of this review AVP is regularly observing that both the transmission network and the connection point fault levels are increasing over time and the main driver the increase in the overall volume of generators in the network. While it is anticipated that the retirement of coal generators will result in reductions in fault level at the times the retirements occur, our general observation is that fault level contributions of retired plant is being replaced with contributions of many IBR plants and future synchronous condensers. We have also observed that often the additional plant in locations that are electrically closer to the parts of the network that don't have the historically*

higher rated equipment or equipment rated to the limits provided in 9.3A of the National Electricity Rules (NER).

[AER question (2)] We understand that acceptable fault levels are generally set as an agreed standard to be maintained at the transmission terminal station and are managed by the TNSP to comply with the agreed level. Accordingly any proposed change to fault levels should be a matter planned and managed through joint planning between the TNSP and DNSP. Is it therefore likely that the DNSP should be able to prevent, manage or substantially mitigate the cost impact of such an event, for example through joint planning with AEMO/AusNet?

[AEMO response]: In Victoria we plan to ensure that fault levels are maintained to the limits provided in 9.3A of the NER. Where it is not possible to meet those limits or where historic limits were higher than those in the NER, Use of System Agreements (UoSA) are in place between the asset owners, the jurisdictional planner and the DNSP. Since the establishment of the NER there have been no new UoSA that increase the limits at stations beyond the limits in the NER. Negotiating a new UoSA to increase fault levels at a station with the asset owner and DNSP is seen by AVP as a last resort option after other alternatives have been exhausted. AVP has been made aware of one instance where a transmission connection project (which ultimately did not proceed) was forecast to cause fault levels to increase beyond the limits of existing plant in a DNSP network, without exceeding the NER limits. The DNSP identified through joint planning that their plant downstream of the Transmission connection point was not rated to the limit in the NER. AVP does not have visibility of the ratings of plant downstream of the connection point but it is expected that some transmission projects may increase fault levels such that DNSP plant limits are forecast to be exceeded without exceeding the limits of the NER or UoSA at the connection points

3. Our revised proposal

Our revised proposal retains the fault level nominated pass through event, for the reasons below.

3.1 Response to AER draft decision

We believe the draft decision misrepresents AEMO's advice. As a result, the AER is incorrect to conclude that:

- fault levels can be managed by network planning and design, and the timing and extent of fault level changes can be managed through good electricity industry practices
- there are multiple approaches to managing fault level changes, the costs of which are modest
- it is very unlikely that any transmission project would have the effect of raising fault levels above their specified limits for our network, and that, if such a project were to arise, the cost impact of the increase in our fault levels could be mitigated through joint planning and would be modest and immaterial.

As the reasons for the draft decision are not substantiated by AEMO's advice (or any other evidence) and are inconsistent with the evidence provided by AEMO's advice, we retain our fault level nominated pass through event. We remain of the view the event satisfies the pass through event considerations.

3.1.1 AER draft decision misrepresents AEMO's advice

In summary, the AER claimed that AEMO's advice is that:

- while AEMO may add generation assets to the Victorian transmission network, the purpose of these will be to maintain current fault levels, rather than increase them, especially above their current levels
- there has never been a circumstance where a transmission project has increased fault levels on a distribution network (this has almost occurred once but ultimately did not go ahead for this reason)
- there are agreements in place between asset owners, the jurisdiction planner and DNSPs to handle and avoid instances where fault levels may exceed their limit, and this is regarded as an absolute last resort.

This is a misrepresentation of the AEMO's advice. AEMO's advice contradicts the propositions the AER claims it advances. Rather than supporting the AER's decision to decline the fault level event, AEMO's advice supports the proposition that the fault level event is necessary and satisfies the pass-through event considerations.

While AEMO may add generation assets, the purpose of these will be to maintain current fault levels rather than increase them

We cannot find any statement in AEMO's advice to the effect that, while it may add generation assets to the transmission network, the purpose of these will be to maintain

current fault levels rather than increase them, especially above their current levels. Rather, AEMO notes that:

- 'AVP [i.e. AEMO Victorian Transmission Planning] is regularly observing that both the transmission network and the connection point fault levels are increasing over time and the main driver [is] the increase in the overall volume of generators in the network' and
- '[w]hile it is anticipated that the retirement of coal generators will result in reductions in fault level[s] at the times the retirements occur, our general observation is that fault level contributions of retired plant is being replaced with contributions of many IBR plants and future synchronous condensers'.

That is, AEMO agrees with us that the increase in invertor-based resource (IBR) generation and synchronous condensers will increase fault levels on the transmission network over time.

While the areas of the transmission network that this plant is connecting to may be able to withstand these higher fault levels, many areas of the distribution network are not been designed to withstand these levels, including those areas of the distribution network located in proximity to the new transmission connections. AEMO expressly recognises this, saying that:

- '[w]e have observed that often the additional plant [i.e. the new IBR and synchronous condensers] [is] in locations that are electrically closer to the parts of the network that don't have the historically higher rated equipment or equipment rated to the limits provided in [clause] 9.3A of the National Electricity Rules'
- 'it is expected that some transmission projects may increase fault levels such that DNSP plant limits are forecast to be exceeded without exceeding the limits of the NER or UoSA at the connection points'.

We discuss the relevance of the NER and UoSA limits below.

There has never been a circumstance where a transmission project has increased fault levels on a distribution network

AEMO's advice does not state that there has never been a circumstance where a transmission project has increased fault levels on a distribution network, or that, while this almost occurred once, the project ultimately did not go ahead for this reason. Rather, AEMO states that:

- 'AVP [i.e. AEMO Victorian Transmission Planning] does not have visibility of the ratings of plant downstream of the [transmission] connection point'
- 'AVP has been made aware of one instance where a transmission connection (which ultimately did not proceed) was forecast to cause fault levels to increase beyond the limits of existing plant in a DNSP network, without exceeding the NER limits'
- '[t]he DNSP identified through joint planning that their plant downstream of the Transmission connection point was not rated to the limit in the NER'.

AEMO does not say, at any point, that there has never been a circumstance where a transmission project has increased fault levels on a distribution network. AEMO, by its own admission, would not know how many times a transmission connection project has increased fault levels on a distribution network, as it has no visibility of the actual fault level limits of

Victorian distribution networks. It does, however, state that it 'expect[s] that some transmission projects may increase fault levels such that DNSP plant limits are forecast to be exceeded'.

We understand that the one transmission connection project that AEMO is aware of would have increased fault levels on a distribution network is the proposed connection of the AusNet / Mondo battery energy storage systems (BESS) to the 66kV transmission connection assets supplying Powercor's distribution network at the Altona Terminal Station. Powercor is, therefore, the distributor referred to by AEMO in its response.

While the AER is correct that the project did not proceed, it is incorrect to characterise AEMO's statement as saying the project did not proceed due to the expected increase in fault levels on the distribution network. In its advice, AEMO does not ascribe any cause to the project not proceeding, and our understanding is that the AusNet / Mondo BESS project did not proceed for other reasons.

There are agreements in place to handle and avoid instances where fault levels may be exceeded

The AER appears to consider AEMO to be saying that distributors have options available to them to avoid or mitigate instances where fault levels may exceed distribution network limits at no or low cost. We disagree with this interpretation of AEMO's response.

As noted above, AEMO states, in its advice to the AER, that:

- 'In Victoria we plan to ensure that fault levels are maintained to the limits provided in 9.3A of the NER'
- 'Where it is not possible to meet those limits or where historic limits were higher than those in the NER, Use of System Agreements (UoSA) are in place between the asset owners, the jurisdictional planner and the DNSP'
- 'Since the establishment of the NER there have been no new UoSA that increase the limits at stations beyond the limits in the NER'
- 'Negotiating a new UoSA to increase fault levels at a station with the asset owner and DNSP is seen by AVP as a last resort option after other alternatives have been exhausted'
- 'the additional plant [now being connected to the Victorian transmission network is] in locations that are electrically closer to parts of the network that don't have the historically higher rated equipment or equipment rated to the limited provided in 9.3A of the National Electricity Rules'
- 'AVP does not have visibility of the ratings of plant downstream of the connection point but it is expected that some transmission projects may increase fault levels such that DNSP plant limits are forecast to be exceeded without exceeding the limits of the NER or UoSA at the connection points'.

The AER has interpreted these statements incorrectly. We observe that:

- clause 9.3A of the NER establishes fault level limits in respect of connection points in Victoria

- clause 9.3A provides that, subject to the terms of a connection agreement under section 50E(1)(a) of the NEL (referred to as a 'Use of System Agreement' or 'UoSA'), AEMO must, when planning the declared shared network, use its best endeavours to ensure that fault levels at a connect point will not, as a result of a short circuit at that connection point, exceed the limits set out in clause 9.3A
- AEMO is properly understood to be saying that:
    - since the establishment of the NER, no new UoSA has been entered into that would operate to increase the fault level limits above the limits set out in clause 9.3A of the NER – that is, except where historic limits for a transmission connection point specified in the UoSA that are above those set in clause 9.3A of the NER predate the establishment of the NER, all transmission connection points are intended to withstand fault levels up to the limits set out in clause 9.3A of the NER
    - however, as new plant is generally being connected to the transmission network in proximity to parts of the grid that do not have equipment capable of withstanding fault levels at the limits specified in clause 9.3A of the NER or any historically higher fault level limits specified in a UoSA, a transmission connection may occur that results in fault levels on the distribution network in excess of the network's actual fault level limits **without** this breaching the fault level limits specified in clause 9.3A of the NER or the UoSA, or, thus, giving rise to joint planning.

It is important to note that AEMO's observations are made in response to a question from the AER, which read:

> *We understand that acceptable fault levels are generally set as an agreed standard to be maintained at the transmission terminal station and are managed by the TNSP to comply with the agreed level. Accordingly any proposed change to fault levels should be a matter planned and managed through joint planning between the TNSP and DNSP. Is it therefore likely that the DNSP should be able to prevent, manage or substantially mitigate the cost impact of such an event, for example through joint planning with AEMO/AusNet?*

Read in this context, it becomes apparent that AEMO's reference to UoSA fault level limits is made in response to the AER's assumption that, as acceptable fault levels are generally set as an agreed standard to be maintained at the terminal station, any proposed change to fault levels at a terminal station that may result in fault levels on a distribution network in excess of the network's fault level limits should therefore be planned and managed through joint planning.

AEMO explains that the proposition put to it by the AER is incorrect. It is explaining that, while the amendment of UoSAs to increase the fault level limits at terminal stations above the limits set by clause 9.3A of the NER would be a last resort option and has therefore not occurred since the establishment of the NER:

- the actual fault level limits on a distribution network may be lower than those specified by a UoSA and clause 9.3A of the NER
- AEMO does not have any visibility of the actual fault levels on Victorian distribution networks

- accordingly, a transmission connection may occur that results in fault levels on a distribution network that exceed the network's actual fault level limits **without** this giving rise to a need for:
    - AEMO to negotiate with the distributor to specify a change to fault level limits in the UoSA;
    - AEMO becoming non-compliant with clause 9.3A of the NER; or
    - any joint planning between AEMO, AusNet and the distributor.

As noted above, AEMO expressly observes that 'AVP does not have visibility of the ratings of plant downstream of the connection point, but it is **expected** that some transmission projects may increase fault levels such that DNSP plant limits are forecast to be exceeded without exceeding the limits of the NER or UoSA at the connection points' (bold emphasis added).

We note that some parts of our distribution network are designed to withstand lower fault levels than the fault level limits specified in the UoSAs. This is particularly so for parts of the network that were historically located further away from generation-heavy areas. These parts of the network did not, historically, have to manage faults at the higher levels experienced on part of the grid located closer to connected generation plant, and have, accordingly, been designed to withstand lower fault levels than the limits specified in our UoSA and clause 9.3A of the NER.

As AEMO seeks to explain to the AER, in these circumstances, there is no scope for the UoSA to operate to avoid fault levels on the distribution network that exceed the network's actual fault level limits, nor is there any scope for joint planning to avoid or manage the occurrence of such fault levels, through network planning and design.

It follows that, in the event that we experience fault levels on our distribution network in excess of our network's actual fault level limits as a result of a new transmission connection:

- our own equipment and that of our customers connected to our network may be damaged
- we will need to undertake urgent corrective action to mitigate the resultant risk of loss or damage for us and our customers by either:
    - increasing our network's fault level limits by replacing and upgrading equipment so that it can withstand the increased fault levels or
    - installing equipment to limit the increased fault level contribution into our network from the transmission network.

We note that a UoSA amendment that operates to increase the fault level limits specified in the UoSA for a terminal station would not assist to mitigate the cost impact of increased fault levels on our network. While it would give us notice that fault levels on our network are likely to increase, such that we could undertake preventative work to ensure our network can withstand these levels and, thus, avoid or mitigate damage to our own equipment and that of our customers connected to our network, we would still be required to undertake this work and incur the material cost of doing so.

Further engagement with AEMO

Since the publication of the draft decision, and subsequent disclosure of AEMO's email, we held a further discussion with AEMO to clarify their positions as outlined in their email. AEMO have confirmed that our understanding presented above is representative of their position. They did not agree as to how they were represented in the draft decision.

3.1.2 The AER's draft decision is premised on factual errors and is not justified by evidence

As a result of the AER's mischaracterisation of AEMO's advice, the draft decision is premised on factual errors and there is no evidence to justify the decision. The AER is incorrect to find that:

- fault levels can be managed by network planning and design, and the timing and extent of fault level changes can be managed through good electricity industry practices
- there are multiple approaches to managing fault level changes, the costs of which are modest and
- it is, therefore, very unlikely that any transmission project would have the effect of raising fault levels above their specified limits for our network, and that, if such a project were to arise, the cost impact of the increase in our fault levels could be mitigated through joint planning and would be modest and immaterial.

AEMO expressly concludes, in its advice to the AER, that:

- transmission network and connection point fault levels are increasing over time as more generation is connected to the transmission network
- this is occurring in proximity to parts of the grid that don't have equipment capable of withstanding fault levels at the limits specified in clause 9.3A of the NER or the historically higher fault level limits specified in a UoSA
- AEMO, therefore, **expects** that some transmission connection projects may increase fault levels above the distribution network's actual fault level limits, including in circumstances where those fault levels do not exceed the limits specified in clause 9.3A of the NER or the UoSA.

As discussed above, the potential for fault levels to exceed our network's actual fault level limits cannot be managed by network planning and design. AEMO has confirmed that it does not have visibility of the ratings of plant downstream of the connection point. Accordingly, AEMO is not in a position to identify that our network's actual fault level limits may be exceeded or to plan the transmission network in a way that mitigates the risk of this occurring.

Further, as a distributor, we are generally not consulted on the planning of connections to the transmission network. We have never been proactively contacted in respect of a connection to the high voltage (i.e. 220kV and above) network. The only times where we have been involved in these discussions is when we have become aware of a proposed connection that may impact our networks, typically as a result our market intelligence and observations, and initiate contact with AEMO and AusNet.

For example, Powercor was not consulted when the Victorian Big Battery was connected in proximity to the Geelong Terminal Station in 2023. Powercor identified that the connection would result in a fault level increase on its distribution network, and approached AEMO and AusNet of its own accord. The only solution available was for Powercor (and, as a result, its distribution customers) to pay for augmentation to transmission network connection assets to address the impact of the transmission connection on fault levels on its distribution network. This augmentation has been under development for 2 years, with completion expected to occur in December 2025.

While AEMO did inform Powercor of the proposed connection of the AusNet / Mondo BESS at the Altona terminal station, this was only because the BESS sought to connect to the existing 66kV Powercor connection assets supplying our distribution network at the terminal station (rather than to the Victorian declared shared network). Further, Powercor was only provided with limited access to a subset of information which limited our ability to properly assess the impacts of the proposed connection on distribution network fault levels. Repeated requests by Powercor (as the person with responsibility under the NER for the planning of transmission-distribution connection points) for joint planning in respect of the proposed connection were not entertained by AEMO.

As we do not typically have advance notice of a proposed connection to the transmission network, we are generally not able to ensure that the connection occurs in a manner that does not increase fault levels on our distribution network beyond our network's actual limits. Accordingly, we are likely to incur material costs as a result of:

- network augmentation to ensure that our network can withstand the higher fault levels introduced by new transmission connections. While the precise work can vary depending on circumstances, it will typically involve replacement of primary plant across an extensive area of network or installation of fault limiting reactors, which can cost up to $50 million per item depending on the circumstances
- if higher fault levels occur and we are unaware, compensation for customers connected to our distribution network for damage to their connected equipment caused by fault levels on our distribution network, and any associated compensable loss or damage
- a requirement to operate the network in a less reliable state to temporarily limit fault levels increasing risk to customers.

As AEMO explains in its advice to the AER, where fault levels experienced on our network exceed the network's actual fault level limits, without this giving rise to a need for AEMO to negotiate increases to the fault level limits specified in the UoSA or AEMO becoming non-compliant with clause 9.3A of the NER, we are not able to mitigate our incurrence of these costs, which are not modest or immaterial, as a result of joint planning.

3.2 Revised regulatory proposal

Considering our response to the draft decision, our revised proposal retains the fault level event.

In the draft decision, the AER found all of the pass through event considerations were satisfied except for whether the event could be prevented or mitigated by a prudent provider (see figure 1 above). As we have established that a prudent distributor could not prevent or mitigate the event, we consider that each of the pass through event considerations are satisfied.

Further, in the table extracted above, the AER notes in 'other comments' that 'AEMO advice suggests very unlikely to arise'. We have established above that AEMO's advice does not suggest a fault level event is unlikely to arise. Rather, AEMO's advice supports our position that this is likely to occur as both new IBR and synchronous condensers are connected to the transmission network. In particular, it expressly states its expectation that some transmission projects will increase fault levels such that our network's actual fault level limits are exceeded.

For the avoidance of doubt, we retain the definition proposed in our regulatory proposal, set out above at section 2.1.

Given our concerns with the mischaracterisation by the AER of the advice it received from AEMO and relied on in making its draft decision, we expect that the AER will provide us with a reasonable opportunity to consider and be heard on any new evidence gathered by the AER following the submission of our revised proposal and on which it intends to rely in making a final decision to reject our nominated fault level pass through event.

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