



Government Gazette

of the State of

New South Wales

Number 59 - Electricity and Water

Wednesday, 18 February 2026

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Australian Energy Regulator
Contribution Determination for 2026–27

1. On 12 November 2021, the Australian Energy Regulator (AER) was appointed as a Regulator under the *Electricity Infrastructure Investment Act 2020 (NSW)* (the EII Act).
2. Under section 56 of the EII Act, the AER is required to make an annual contribution determination in which it determines the amount that is required for the Scheme Financial Vehicle to be able to make payments from the Electricity Infrastructure Fund (the Fund) that are required under the EII Act, including an amount for the Scheme Financial Vehicle to meet its liabilities as they fall due.

AER's Contribution Determination

3. On 11 February 2026, the AER made the following contribution determination under section 56(1) of the EII Act.
 - a. The total contribution determination amount for 2026–27 is \$593.16 million.¹
 - b. The Scheme Financial Vehicle will manage an estimated total liquidity risk of \$401.17 million during 2026–27, through a combination of a cash balance and liquidity facilities. For the cash component under section 56(3)(a) of the EII Act, the AER set the minimum prudent cash balance target for 2026–27 at \$269.10 million. As the Fund will recover a minimum prudent cash balance of \$269.10 million in 2025–26, the Scheme Financial Vehicle will not need to recover further funds to reach the target level during 2026–27. The Scheme Financial Vehicle will use liquidity facilities to manage the remainder of its estimated total liquidity risk during 2026–27, which amounts to \$132.07 million.
 - c. The amounts required to be paid by each NSW Distribution Network Service Provider (DNSP) are:
 - i. Ausgrid \$254.23 million.
 - ii. Endeavour Energy \$221.40 million.
 - iii. Essential Energy \$117.53 million.

Details of how the contribution determination was made

4. The AER made this contribution determination in accordance with the process and methodology set out in its Contribution Determination Guideline (Guideline).²
5. The methodology the AER applied in making this contribution determination is set out in its Contribution Determination Model (Model).³
6. Schedule 1 shows a public version of the completed Model and contains the underlying data inputs provided by the NSW scheme entities and DNSPs. The AER used these data inputs to calculate the contribution determination amounts.⁴ In line with the process set out in the Guideline, the AER undertook a quality assurance check of all data provided.

¹ This gazette notice rounds numbers to two decimal places, but please note that the unrounded numbers will be implemented.

² <https://www.aer.gov.au/industry/registers/resources/guidelines/nsw-contribution-determination-guideline>

³ As above.

⁴ The public version of the contribution determination model contains limited data. This is because much of the data relates to ongoing competitive tender processes. These processes could be compromised if the data were published. However, we intend for the data to be published once it becomes historical and no longer relevant to ongoing tender processes.

Matters taken into account

7. In making a contribution determination, the AER must take into account the matters listed in clause 35 of the *Electricity Infrastructure Investment Regulation 2021* (NSW) (EII Regulation). Table 1 summarises how the AER took these matters into account.

Table 1

Matters listed in regulation 35	How the AER has taken the matter into account
35(1)(a) the need to limit variability in contribution determinations from year to year, ...	<p>The AER's methodology, as set out in the Guideline,⁵ manages variability by applying a 3-year rolling average of net costs.⁶</p> <p>In addition, for 2026–27, the AER included a transitional reserve of \$162.22 million within the minimum prudent cash balance under section 56(3)(a) of the EII Act, to reduce a forecast increase in the 2027–28 contribution determination amount.</p>
<p>...(b) the equitable allocation of the contribution determination between distribution network service providers based on each provider's—</p> <p>(i) volumetric energy delivery in the previous financial year, and</p> <p>(ii) peak demand in the previous financial year, ...</p>	<p>The AER's methodology for apportioning costs across NSW DNSPs is set out in the Guideline and is based on volumetric energy and peak demand metrics.⁷ This methodology apportions the costs of long-term energy service agreements on an energy delivered metric basis, and all remaining costs elements on a peak demand metric basis.</p>
... (c) the need for the scheme financial vehicle to be able to meet its liabilities as they fall due, ...	<p>The AER's methodology, set out in the Guideline,⁸ addresses this issue in the following ways:</p> <ul style="list-style-type: none"> • The contribution determination reflects the Scheme Financial Vehicle's forthcoming liabilities, in that it is based on a 3-year average of forecast net costs. <ul style="list-style-type: none"> ○ Each scheme entity provided the AER with estimates of costs under its responsibility for 2 leading years and 1 lagging year. ○ This captures the costs of long-term energy service agreements, payments to network operators and the administration costs of scheme entities.⁹

⁵ AER, [Contribution Determination Guideline](#), August 2024, chapter 3.

⁶ AER, [Contribution Determination Guideline](#), August 2024, chapter 5.2.

⁷ AER, [Contribution Determination Guideline](#), August 2024, chapter 5.4 and 5.5.

⁸ AER, [Contribution Determination Guideline](#), August 2024, chapter 3.

⁹ AER, [Contribution Determination Guideline](#), August 2024, figure 1.

Matters listed in regulation 35	How the AER has taken the matter into account
	<ul style="list-style-type: none"> • The contribution determination includes a minimum prudent cash balance allowance, which is required under section 56(3)(a) of the EII Act.
...(d) information provided to the regulator by the consumer trustee, the financial trustee, the infrastructure planner or the Tribunal. ...	The AER made its contribution determination using data provided by the NSW scheme entities and NSW DNSPs.

Consultations with the Financial Trustee

8. In making its contribution determination, the AER consulted with the Financial Trustee as required by section 56(6)(a) of the EII Act.

Schedule 1 – Public version of contribution determination model

AER contribution determination model

2026–27

Legend		
Key:		Annual SFV input
		Calculation
		N/A
Each worksheet includes space for commentary and notes (in column W)		
Contents		
Link to Guideline		
https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/nsw-contribution-determination-guideline		
End		

AER contribution determination model - 2026–27

Table 1 Contribution determination for target year (t)	Unit	2026–27	Notes
Ausgrid	\$millions	254.23	
Endeavour Energy	\$millions	221.40	
Essential Energy	\$millions	117.53	
Contribution determination amount	\$millions	593.16	
Minimum prudent balance allowance	\$millions	269.10	
End			

AER contribution determination model - 2026–27

Financial

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Table 1 Interest rate				Source	Unit	Confidentiality claimed re actuals data (2024–25)	Confidentiality claimed re forecast data (2025–26 and beyond)	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	Notes
Interest rate				SFV	Per cent	No	No				3.10%	4.35%	3.60%	3.80%	3.90%				

Table 2 Revenues				Source	Unit	Confidentiality claimed re actuals data (2024–25)	Confidentiality claimed re forecast data (2025–26 and beyond)	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	Notes
Contribution determinations																			
Contribution determination actual revenue				SFV	\$millions	No	No				138.14	341.24	493.18						
Revenue (excluding contribution determinations)																			
LTESA - Generation				SFV	\$millions	No	No				0.00	0.00	0.00	0.00	0.00				
LTESA - LDS & Firming				SFV	\$millions	No	No				0.00	0.00	0.00	0.00	0.00				
Risk management contracts				SFV	\$millions	No	No				0.00	0.00	0.00	0.00	0.00				
Access fees				SFV	\$millions	No	No				0.00	0.00	0.00	0.00	7.43				
Payments for shortfall in carbon offsets (LTESA for firming infrastructure)				SFV	\$millions	No	No				0.00	0.00	0.00	0.00	0.00				
Revenues from investment activities				SFV	\$millions	No	No			1.57	4.63	11.19	13.37	12.70	14.25				
Other revenue				SFV	\$millions	No	No				0.00	0.00	0.00	0.00	0.00				
Total				Calculation	\$millions	No	No		0.00	1.57	4.63	11.19	13.37	12.70	21.68	0.00	0.00	0.00	0.00

Table 3 Expenditure				Source	Unit	Confidentiality claimed re actuals data (2024–25)	Confidentiality claimed re forecast data (2025–26 and beyond)	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	Notes	
LTESA expenditure																				
LTESA - Generation				SFV	\$millions	No	Yes		-	-	-									
LTESA - LDS & Firming				SFV	\$millions	No	Yes		-	-	-									
Risk management contracts				SFV	\$millions	No	No		-	-	-	-	-	-						
Total				Calculation	\$millions	No	Yes		-	-	-	-								
Payments to network operators																				
Paymentts to network operators				EnergyCo	\$millions	No	Yes		0.00	0.00	37.25									
Total				Calculation	\$millions	No	Yes		0.00	0.00	37.25									
Administration expenditure																				
AER administration costs				AER	\$millions	No	No		0.95	2.87	3.10	4.40	4.53	4.65						
Consumer Trustee administration costs				Consumer Trustee	\$millions	No	No		16.00	19.79	13.92	25.78	27.94	26.95						
Financial Trustee administration costs				Financial Trustee	\$millions	No	No		0.43	1.44	1.58	1.85	1.86	1.90						
SFV administration costs				SFV	\$millions	No	No		1.31	6.32	15.31	19.50	20.95	21.35						
IPART administration costs				IPART	\$millions	No	No		0.00	0.24	0.47	1.32	1.67	0.93						
EPA administration costs				EPA	\$millions	No	No		0.04	0.01	0.01	0.02	0.01	0.01						
EnCo administration costs				EnCo	\$millions	No	No		0.84	0.00	9.28	31.20	39.05	49.06						
Total				Calculation	\$millions	No	No		0.00	19.57	30.67	43.67	84.07	96.02	104.85	0.00	0.00	0.00	0.00	
Other costs																				
Access scheme costs (excluding administration costs and community payments)				SFV	\$millions	No	No				0.00	0.00	0.00	0.00						
Community payments				SFV	\$millions	No	No				0.00	0.00	0.00	4.28						
EPA invoices for shortfall in carbon offsets (LTESA for firming infrastructure)				SFV	\$millions	No	No				0.00	0.00	0.00	0.00						
Interest and finance cost of loans (including additional loans and liquidity facilities)				SFV	\$millions	No	No		0.00	0.34	0.43	1.42	2.95	18.33						
Other costs				SFV	\$millions	No	No				0.00	0.00	0.00	0.00						
Total				Calculation	\$millions	No	No		0.00	0.00	0.34	0.43	1.42	2.95	22.60	0.00	0.00	0.00	0.00	
Total				Calculation	\$millions	No	Yes		0.00	19.57	31.01	81.36								

Table 4 Repayable grant and other loans				Source	Unit	Confidentiality claimed re actuals data (2024–25)	Confidentiality claimed re forecast data (2025–26 and beyond)	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	Notes
Establishment of NSW grant				SFV	\$millions	Yes	Yes												
Repayment of grant				SFV	\$millions	Yes	Yes												
Need to use grant money (to cover negative liquidity or grant repayments)				Calculation	\$millions	Yes	Yes												
Use of grant to cover under-recovery (and subsequent recovery of funds)				Calculation	\$millions	Yes	Yes												
Use of an additional loan (and subsequent recovery of funds)				SFV	\$millions	Yes	Yes												
Total				Calculation	\$millions	Yes	Yes												

Table 5 Minimum prudent balance				Source	Unit	Confidentiality claimed re actuals data (2024–25)	Confidentiality claimed re forecast data (2025–26 and beyond)	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	Notes
Adjustment to reach updated minimum prudent balance				SFV	\$millions	No	No				59.92	154.06	55.12	0.00					
Minimum prudent balance				Calculation	\$millions	No	No		0.00	0.00	59.92	213.98	269.10	269.10					

Table 6 Data on Commonwealth Capacity Investment Scheme (for information)				Source	Unit	Confidentiality claimed re actuals data (2024–25)	Confidentiality claimed re forecast data (2025–26 and beyond)	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	2031–32	Notes
Commonwealth Capacity Investment Scheme				SFV	\$millions	Yes	Yes												
LTESA - funded by Commonwealth Capacity Investment Scheme				SFV	\$millions	Yes	Yes												

End