



Ms Kate Symons
Board member
Australian Energy Regulator
Level 27, 135 King Street
SYDNEY NSW 2000

By email: [REDACTED]

Dear Ms Symons

I write to request the Australian Energy Regulator (AER) commence a targeted review of the AER's *Transmission Efficiency Test and Revenue Determination Guideline for Non-Contestable Network Infrastructure Projects* (non-contestable guideline) as a priority.

On 13 October 2025, the Hon Penny Sharpe MLC, NSW Minister for Energy, appointed the Secretary of the Department as the Infrastructure Planner for the Far West Priority Network Infrastructure Project under the *Electricity Infrastructure Investment Act 2020* (EII Act). I write with the Secretary's delegation to act on his behalf on this matter.

The Department is currently considering recommending the Minister direct Transgrid to carry out a Priority Network Infrastructure Project in Far West NSW. This project includes a non-network solution to procure reliability services from Hydrostor's Silver City project.

I request the AER review whether and how to incorporate the March 2026 Australian Energy Market Commission (AEMC) rule change on *Improving the cost recovery arrangements for transmission non-network options* into the non-contestable guideline.

I encourage AER to consider enabling Transgrid to seek ex-ante approval of a method for service usage and cost forecasting under an agreement with non-network option providers. This is consistent with previous AER decisions to harmonise processes under the EII Act and National Electricity Rules. This change would provide comfort to Transgrid about its ability to recover costs before executing a varied agreement with Hydrostor to deliver part of the Far West Project.

I greatly appreciate AER's support on this matter and look forward to your response.

If you have any further questions about this issue, please contact Ms Eleanor Wood, Director, Networks & Pipeline Policy, on [REDACTED] or at [REDACTED].

Yours sincerely

[REDACTED]

Liam Ryan
Executive Director Energy Infrastructure

cc: Scott Haig, A/General Manager of Renewable Energy Zones, AER