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Tuesday, 31 March 2026

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Australian Energy Regulator
23 Marcus Clarke Street
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[REDACTED]
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Waratah Super Battery 2026-27 Quarterly Payments Update

The Australian Energy Regulator's (AER) final Waratah Super Battery (WSB) non-contestable decision requires Transgrid to submit an updated Post-Tax Revenue Model (PTRM) by 31 March each year, incorporating any adjustments for events occurring in the prior year.

In accordance with this requirement, Transgrid has prepared its 2026 WSB non-contestable adjustment proposal, supported by an updated PTRM and accompanying evidence.

The proposed adjustments relate to:

- annual updates to revenue for actual inflation (adjustment event 11)
- an update to the return on debt to reflect the allowed rate of return (adjustment event 12)
- paired generation costs (adjustment event 14), and
- unavoidable contract variations (adjustment event 15).

The proposed adjustments are set out in Transgrid's 2026 WSB non-contestable adjustment proposal, together with supporting evidence, including the updated PTRM, as provided in the attachments to this submission. This includes updated WSB non-contestable models (Attachments M.1–M.5) and supporting documentation, including all contract variation claims (Attachments A.1–A.83).

Paired Generation Costs (Adjustment Event 14)

Transgrid appreciates the AER's engagement to date in relation to this 2026–27 adjustment submission, including discussions regarding the timing of the paired generation costs adjustment. Adjustment event 14 (Paired Generation Costs), as identified in the AER's final decision, has now occurred. The Infrastructure Planner selected White Rock Wind Farm as the fourth Paired Generation Service Provider, and Transgrid executed a Paired Generation Services Agreement with White Rock Wind Farm in December 2025.

Transgrid's 2026 WSB non-contestable adjustment proposal includes an estimate of the incremental prudent, efficient and reasonable costs associated with enabling works to connect White Rock Wind Farm to the System Integrity Protection Scheme (SIPS) infrastructure. The proposal reflects the best information currently

available and has been submitted to ensure that the relevant adjustment mechanism is submitted within the required regulatory timeframe.

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While Transgrid has prepared the adjustment proposal based on the best information available at this time, determining the adjustment at this stage carries a risk that:

- costs could be materially overstated, resulting in consumers paying more than necessary, or
- costs could be understated, resulting in Transgrid being unable to recover efficiently incurred costs.

For this reason, Transgrid considers that deferring consideration of the paired generation costs adjustment to March 2027 annual adjustment proposal would provide greater cost certainty and result in a more accurate and efficient outcomes for consumers. By that time, design maturity, route confirmation and property access negotiations are expected to have progressed sufficiently to enable a more reliable estimate of the efficient costs required to deliver the works.

Transgrid has decided to lodge the adjustment proposal in March 2026 to ensure compliance with the timing requirements of the WSB decision and to ensure the adjustment can still be considered under the adjustment framework set out in the AER's final decision. The final decision requires each March submission to incorporate "any adjustments for events occurring in the prior year", and the phrase "in the prior year" is not otherwise defined.

Given these circumstances, Transgrid would also like to express its willingness to withdraw this Adjustment Proposal should the AER Board be able to confirm that it would accept a March 2027 submission for this adjustment. If this is not possible, Transgrid will still endeavour to provide updated the cost estimates to reflect a market-tested price for the design and construction contract ahead of the AER's decision.

Transgrid welcomes the opportunity to engage further with the AER on this matter. Please feel free to contact [REDACTED] if you would like to discuss any aspect of this Adjustment Proposal.

Yours sincerely

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