

# APA

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# Application for approval of a system security network support service contract

## Frequency Control System Protection Scheme

April 2026



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## 1. Executive Summary

Basslink Pty Limited (ACN 609 169 959) (Basslink) applies to the Australian Energy Regulator (AER) for an ex-ante determination, under clause 6A.6.6A of the National Electricity Rules (NER), that the System Security Network Support (SSNS) Contract between Basslink and Hydro Tasmania Corporation (ABN 48 072 377 158) (Hydro Tasmania), and the payment methodology within it, are prudent and efficient. The payments under the SSNS Contract are network support payments, assessed under the clause 6A.7.2 pass-through mechanism against the clause 6A.6.6A(c) prudent-and-efficient test. This application is made in accordance with the AER's *System Security Network Support (SSNS) Payment Guideline* (November 2024).

Basslink was engineered to facilitate a continuous power transfer capacity of approximately 500 MW (478 MW receiving end) and can increase this export up to 630 MW (594 MW receiving end) for northward flows for discrete periods within thermal constraints. However, the Tasmanian Frequency Operating Standard imposes a 144 MW single-event limit in both import and export directions. Therefore, Basslink requires the ongoing provision of rapid generator tripping and load interruption services provided by a frequency control system protection scheme (FCSPS) to operate at this capacity.

The FCSPS has been in operation since Basslink was commissioned in 2006 but Basslink is now required to contract for these system security network support services as a regulated TNSP. The SSNS Contract procures the load-tripping and generator-tripping services required for the FCSPS to continue to perform that role from 1 July 2026.

Basslink conducted a request for proposals for the FCSPS load and generator tripping services in December 2024. The tender process did not identify a competing service provider as the generator-tripping portfolio is within Hydro Tasmania's generation fleet, and customer tripping services that form the majority of the scheme's arming capability were already contracted as part of their long-term existing retail contracts with Hydro Tasmania.

Basslink has therefore negotiated the SSNS Contract on an arm's-length commercial basis with Hydro Tasmania, as the only realistic and viable provider capable of delivering these services within the available timeframe in light of the unusual circumstances. This application demonstrates that the SSNS Contract:

- is eligible for the AER determination as these tripping services constitute a non-market ancillary service (NMAS) and a market benefit ancillary service (MBAS) and the payments are network support payments to be recovered under clause 6A.7.2 of the NER,
- meets the materiality threshold with the expected average annual payment under the SSNS Contract exceeding 1% of the unsmoothed regulated revenue for 2026-27 as approved by the AER in its final determination for Basslink's regulated revenue, and
- is likely to be 'prudent and efficient' under the relevant NER criteria for the reasons set out in this application.

A summary of the SSNS Contract and why Basslink believes it can be considered prudent and efficient given the market circumstances is summarised in Table 1.

*Table 1: Summary of meeting prudence and efficiency under the circumstances.*

| Key Items                | Description  |
|--------------------------|--|
| Summary of SSNS contract | This SSNS Contract procured from Hydro Tasmania offers load and generation tripping services that enable Basslink to operate to its full technical capacity in compliance with the Tasmanian Frequency Operating Standard. |

| Key Items                | Description   |
|--------------------------|---|
|                          | <p>The scheme design is engineered and operated by TasNetworks in conjunction with AEMO as system operator; Basslink procures the contracted service outputs that the scheme design is engineered to deliver.</p> <p>The contracted load-tripping portfolio is sized to the 478 MW import-side single-event requirement with the redundancy required by the scheme's arming logic; contracted generator-tripping rights meet the 630 MW export-side single-event requirement.</p> <p>Payment is a single monthly fee for the combined load and generation tripping services but includes a Service Availability mechanism that reduces payments when service is not fully available.</p> <p>The SSNS Contract has a term of 24 months commencing in July 2026, encompassing the first two years of the regulatory period for the Basslink revenue determination This enables alternative FCSPS procurement over the medium term and any prospective rule change relating to FCSPS provision to take effect.</p>   |
| <p><b>Prudency</b></p>   | <p>There is a demonstrable need for the procurement of load and generator tripping services that comprise the FCSPS to allow Basslink to operate at full capacity and avoid being constrained to 144 MW under the Tasmanian Frequency Operating Standard.</p> <p>The FCSPS has performed this role continuously since Basslink was commissioned in 2006. The contracted quantities are calibrated to the technical envelope the scheme is designed to protect — neither under-provisioned nor over-provisioned relative to the 478 MW import and 630 MW export single-event requirements.</p> <p>Modelling shows this delivers substantial market benefits and it is prudent to enter into the SSNS Contract in the long-term interests of consumers.</p> <p>The fixed monthly fee with Service Availability Amount adjustments reflects the character of the service, which is continuing standing availability rather than event-based response. The structure contains no unnecessary cost components and places performance risk on the service provider through the availability adjustment mechanism.</p>   |
| <p><b>Efficiency</b></p> | <p>Basslink issued a request for proposals for the FCSPS services in December 2024. The tender was unsuccessful for the reasons set out in sections 2.2 and 4.5.1. Basslink subsequently negotiated the SSNS Contract with Hydro Tasmania, the only viable provider of the FCSPS services within the available timeframe.</p> <p>The SSNS Contract reflects the only option Basslink could achieve in the circumstances, and the proposed payments are efficient when having regard to:</p> <ul style="list-style-type: none"> <li>— alternative solutions capable of providing an equivalent service, such as battery storage, being not available for procurement for 2026–27,</li> <li>— the costs of other protection schemes are comparable with the payments for the FCSPS services, and</li> <li>— market modelling, which highlights the regional benefits of Basslink operating at full capability (with FCSPS).</li> </ul> <p>Basslink notes that the actual costs incurred for interruption services by the major industrial customers have not been made available due to confidentiality and therefore the reasonableness of the annual payment cannot be assessed. Instead, Basslink has assessed the SSNS Contract charge on a value basis against external reference points rather than on a cost build-up basis.</p> <p>The pricing structure of a fixed availability fee with performance-linked adjustments is efficient for a service whose value is realised through continuing readiness rather than event frequency.</p> |

## 2. Tasmanian System Security requirement

### 2.1. Identified need

Basslink was engineered to facilitate a continuous power transfer capacity of approximately 500 MW (478 MW receiving end) and can increase this to export up to 630 MW (594 MW receiving end) for northward flows for discrete periods within thermal constraints. However, to achieve this power transfer capacity, Basslink is (and always has been) dependent upon the services provided by a frequency control system protection scheme (FCSPS).

The 144 MW single-contingency limit under the Tasmanian Frequency Operating Standard (and National Electricity Rules) applies to every connection into the Tasmanian grid — generation, load and network alike.

The FCSPS requires the ongoing provision of rapid generator tripping and rapid load interruption services which permits Basslink to flow more than the 144 MW limit in each direction<sup>1</sup> as it assists AEMO in managing the Tasmanian frequency in the instance of sudden cessation of Basslink flows.

The FCSPS does comprise physical assets (hardware, software, communications network etc) that are owned and operated by TasNetworks, and Basslink pays TasNetworks for provision of this service as part of its Regulated Revenue Determination.

Hydro Tasmania historically procured the FCSPS tripping services from large loads in Tasmania as well as providing the generation tripping services to support the availability of full flows across the interconnector in both import and export directions.

However, Hydro Tasmania is under no obligation to continue procuring or provide these services. Following Basslink's conversion to a regulated TNSP, the FCSPS services required to enable full operation will need to be contracted by Basslink.

The FCSPS has been crucial in providing an efficient and cost-effective approach to managing overall power system frequency in Tasmania.

Importantly, the scheme avoided over-investment in energy and Frequency Control Ancillary Service (FCAS) capability and has supported inter-regional access to lowest-cost energy and FCAS to the benefit of both Victorian and Tasmanian energy consumers

Where flows are from Tasmania to Victoria, the FCSPS generally enables renewable generation to meet Victorian demand in place of marginal thermal generation.

The benefits of the FCSPS have been realised by consumers across the NEM, including Tasmanian and Victorian regions.

*The Tasmanian Government considers that the costs of operating tripping services that support the operation of the FCSPS (both Tasmanian load tripping to support Basslink's southward flows and the generator tripping services require to support northward flows) are as central to the effective operation of Basslink as the physical assets required for its operations (such as transformers, converter stations and control systems) and the other operating costs for the asset.<sup>2</sup>*

### 2.2. Contracting approach

Although the FCSPS has been in operation since the commissioning of the Basslink interconnector, this is the first occasion that Basslink, as a regulated TNSP, has had to procure these services.

<sup>1</sup> AEMC, Reliability Panel, *Frequency Operating Standard*, October 2023

<sup>2</sup> Minister for Energy and Renewables, Minister for Parks, Minister for Sport, Submission to APA Group's revised revenue proposal for Basslink's 2026-30 regulatory control period, December 2025

The contracting approach followed by Basslink comprised a competitive tender for the FCSPS services, followed by direct negotiation with Hydro Tasmania when the tender process did not secure a competing offer.

Basslink issued a request for proposals for the FCSPS services in December 2024 to the market participants eligible to offer the service under the scheme's arming requirements. The tender results were limited as:

- the load-tripping portfolio that forms the majority of the scheme's capability is sourced from the four major Tasmanian industrial customers, each of whom has long-standing retail contracts with Hydro Tasmania that in practice do not accommodate separate load-tripping arrangements with other counterparties; and
- the generation units eligible for scheme arming and tripping sit within Hydro Tasmania's generation portfolio.

Basslink concluded that Hydro Tasmania was the only counterparty capable of aggregating the scheme's required capability across both the load and generator sides in the circumstances. Basslink then commenced direct negotiations with Hydro Tasmania. Negotiations were conducted on an arm's-length commercial basis and focused on securing the contract conditions necessary for a prudent and efficient procurement.

The SSNS Contract detailed in this application is the result of this process and represents the only practical approach for procuring FCSPS services in the short-term. Basslink's processes would constitute a reasonable package of steps to meet the system security requirements given market circumstances.

### 2.3. Stakeholder engagement

Basslink has conducted extensive stakeholder engagement as an integral part of its conversion of Basslink to a regulated asset and then the determination of Basslink's regulated revenue for the 2026-30 regulatory control period.

Basslink has engaged with its Regulatory Reference Group (RRG) and as part of this process, has:

- provided extensive background on the operation of the FCSPS.
- highlighted its approach and provided updates on its potential procurement of the FCSPS services,
- explained its plan to follow the *System Security Network Support (SSNS) Payment Guideline* (Guideline) and allow the AER to determine whether the proposed draft Contract for procurement of FCSPS is likely to result in prudent and efficient expenditures given the circumstances, and
- sought engagement on the potential allocation of FCSPS costs between regions.

Basslink's approach was understood and supported given the need to meet system security requirements, although RRG members sought greater transparency around the cost of the FCSPS services. The commercial terms of the proposed contract could not be disclosed during the RRG engagement.

Basslink has informed the RRG of this application and ongoing consultation process.

## 3. SSNS Contract details

Basslink proposes procuring all FCSPS services from Hydro Tasmania under a system security network support contract (SSNS Contract) which is attached in Appendix E of this application.

### 3.1. Contract overview

Hydro Tasmania has offered FCSPS load and generation tripping services on an availability basis that enables Basslink to continue to operate at its full technical capacity in compliance with the Tasmanian Frequency Operating Standard.

The services facilitate arming the scheme continuously and in line with the actual direction of flow on an open access interconnector:

- generator tripping/runback whenever Basslink is exporting to Victoria, and
- industrial load tripping whenever Basslink is importing to Tasmania.

It is consistent with the way the FCSPS is engineered and operated by TasNetworks in conjunction with AEMO.

Hydro Tasmania proposes to provide customer and generator portfolios in excess of Basslink's capacity for both load tripping and generator tripping/run-back services, to ensure redundancy and support full interconnector flows, consistent with the historical operating regime. Hydro Tasmania is effectively on-selling load tripping rights held under its confidential retail contracts with participating industrial customers for the effective operation of the FCSPS in the period prior to 1 July 2025. The SSNS Contract relies on a single monthly fee for the combined service of load and generation tripping. Hydro Tasmania has explained that:

- this reflects that load tripping is the keystone of the scheme and that the services are functionally interdependent, and
- the proposed availability mechanism would be calculated by reference to the actual capacity of the interconnector supported by tripping.

The SSNS Contract has a term of 24 months commencing in July 2026, encompassing the first two years of the regulatory period for the Basslink revenue determination and enabling any prospective rule change relating to FCSPS procurement to take effect.

### 3.2. Scope of services

#### 3.2.1. Load tripping portfolio

The SSNS Contract specifies the provision of load tripping services (~630 MW) based on a portfolio of aggregated load-tripping blocks sourced from multiple industrial customers. The contracted portfolio is armed continuously and responds automatically to Basslink fault signals under arming logic specified by the scheme design. The SSNS Contract obligates the service provider to maintain the portfolio in a condition that delivers the contracted availability obligation, including through the service provider's underlying commercial arrangements with each of the customer sites.

The aggregate load contracted under the portfolio is approximately 630 MW, against an import-side single-event requirement of 478 MW. The volume includes redundancy above Basslink's capacity because specific loads armed for FCSPS tripping will vary depending on outages and site-specific requirements of participants and will be adjusted by TasNetworks, as appropriate.

The margin ensures that where individual load blocks are temporarily unavailable (for example due to customer operational conditions), the service provider retains sufficient arming load to satisfy the contracted availability obligation. The redundancy margin is a design feature of the scheme, not a discretionary over-provision, and its cost is not separately charged to Basslink or to consumers.

The portfolio identified below (Table 2). is the current arrangement supporting Basslink’s full import-side transfer capability.

The four industrial customers contribute FCSPS capability through a number of discrete, pre-armed load blocks, each integrated into the scheme’s arming logic and SCADA infrastructure. There is a variety of different sized load blocks which supports frequency more optimally as blocks are pre-emptively armed and tripped when needed to rapidly compensate for loss of Basslink. The FCSPS algorithm attempts to maintain the error between 15 MW by continuously optimising which blocks are selected for tripping as both load demand and Basslink power flows vary.

The enablement infrastructure at each site including dedicated communications, SCADA integration, switching relays, arming logic validation is material and the cost is ultimately borne by consumers. Concentrating the scheme’s arming capability at a handful of industrial connection points therefore minimises the per-site fixed cost for consumers.

Participant identities and individual contractual terms are confidential; the indicative configuration may evolve over the regulatory control period as participant arrangements are renewed or substituted, provided the aggregate technical capability supporting the 478 MW Basslink import requirement is maintained.

Table 2: Load units available for tripping

| Site         | Number of blocks                 | Block sizes (MW)       | Site capability (MW)                                | Block characteristics  |
|--------------|----------------------------------|------------------------|---|--|
| A            | 3                                | 98 /101 /119           | 318   | Three integrated process units. Tripping of one, two or three blocks within a single event count as one trip event.  |
| B            | 4                                | 23 /23 /35 /38         | 119   | Four parallel process units, separately armable.   |
| C            | 4<br>(drawn from portfolio of 6) | 20 /20 /20 /25 /30 /30 | 60–120<br>(configuration-dependent) + small reserve | Each block armed individually by TasNetworks; FCSPS algorithm selects which combination to trip in real time. The range reflects available-block selection and underlying plant operating state. |
| D            | 3                                | 17 /21 /32             | up to 68.5  | Three plant units, each armed individually by TasNetworks. The 68.5 MW is a contracted cap on aggregate armed load, below the sum of individual block maxima.                                    |
| <b>Total</b> | <b>14<br/>+ reserve</b>          |                        | <b>570.5 – 630.5</b>                                | <b>Aggregate capability provides redundancy above the 478 MW Basslink import requirement.</b>  |

### 3.2.2. Generator tripping portfolio

The SSNS Contract includes rapid generator-tripping rights over the Hydro Tasmania generation portfolio sufficient to meet the export-side single-event requirement of 630 MW.

The contracted rights apply to generating units identified in the SSNS Contract as eligible for tripping and are armed in accordance with scheme arming logic under the operational direction of the service provider. As with the load-tripping portfolio, the contracted quantity is calibrated to the scheme’s technical envelope rather than over-provisioned. It is based on a 1,455 MW generator portfolio, to provide redundancy to support full flows on the interconnector.

The volume is well above Basslink's capacity and provides flexibility as specific stations/ units armed for FCSPS tripping will vary depending on dispatch outcomes, outages and any site requirements and will be adjusted by TasNetworks as appropriate, consistent with the historical operations to date

Table 3: Potential generator units available for tripping

| Power Stations | Number of Units | Participant Generator Type | Threshold for Performance per unit (MW) | Maximum Output per unit (MW) |
|----------------|-----------------|----------------------------|---|------------------------------|
| Bastyan        | 1               | SPS SGU                    | 8.8                                     | 81                           |
| Catagunya      | 2               | SPS AGU                    | 2.5                                     | 25                           |
| Cethana        | 1               | SPS SGU                    | 10.0                                    | 100                          |
| Devils Gate    | 1               | SPS SGU                    | 6.5                                     | 65                           |
| Gordon         | 2               | SPS AGU                    | 15.0                                    | 150                          |
| John Butters   | 1               | SPS SGU                    | 14.4                                    | 144                          |
| Mackintosh     | 1               | SPS SGU                    | 8.9                                     | 89                           |
| Poatina        | 5               | SPS AGU                    | 6.2                                     | 62                           |
| Reece          | 2               | SPS SGU                    | 11.9                                    | 119                          |
| Tribute        | 1               | SPS SGU                    | 9.2                                     | 92                           |
|                | <b>17</b>       |                            |   | <b>1,455</b>                 |

### 3.3. Contract Term

The SSNS Contract has a term of 24 months commencing in July 2026, encompassing the first two years of the regulatory period for the Basslink revenue determination and enabling any prospective rule change relating to FCSPS procurement to take effect.

The term reflects:

- the approved transfer capability sustained by the FCSPS is a permanent feature of Basslink's regulated operation, not a transient uplift, and the service is appropriately procured on a multi-year basis to match,
- the absence of viable short-term alternative technologies capable of providing an equivalent service are not available on sub-annual procurement cycles, and
- the proposed rule change relating to FCSPS procurement coming into effect, which would enable more efficient and prudent procurement of these services for all transport links between Tasmania and Victoria in the future.

### 3.4. Contract Payment Methodology

The fixed monthly fee for FCSPS services was proposed by Hydro Tasmania to align with the availability of services and achieve efficient cost outcomes.

To account for circumstances when FCSPS services may not be fully available, a capacity shortfall payment or Service Availability Amount has been included.

### 3.4.1. Pricing structure

For providing a combined service to support full imports and exports Hydro Tasmania is seeking to charge a fixed monthly fee (Service Fee) of [REDACTED] per month, subject to annual CPI escalation.

Hydro Tasmania has outlined that the proposed fee has been calculated by reference to the import capacity of Basslink. The service fee is linked to availability with no specific event fees.

### 3.4.2. Service Availability Amount

Where Hydro Tasmania fails to meet its required Average Service Availability Factor for a Contract Period of 0.95, then the payments to Hydro Tasmania will be reduced by a Service Availability Amount (SAA).

The Average Service Availability Factor for a Contract Period is calculated by summing the Service Availability Factor for each trading interval during the Contract Period and dividing that sum by the number of trading intervals in the Contract Period.

The Service Availability Amount for a Contract Period is calculated in accordance with the following formula:

$$SAA = SSFCP * (0.95 - ASAFCP)$$

where:

SSFCP = sum of the Service Fees for the Contract Period,

ASAFCP = the average Service Availability Factor for the Contract Period, and

SAF = Service Availability Factor

= Available FCSPS Capacity / Minimum Import Capacity

Refer to Appendix C for worked examples of the monthly Service Availability Amount when load tripping services are unavailable.

### 3.4.3. Adjustment by CPI

The SSNS Contract prices are subject to an Adjustment by CPI calculated on 1 July 2027 and for each anniversary of that date thereafter during the Term (the Escalation Date) in accordance with the following formula:

$$A = [REDACTED] \times \text{CPI Multiplier}$$

where:

CPI Multiplier = (CPI-Q / CPI-Base),

CPI-Q = CPI for the quarter most recently ended prior to Execution date, and

CPI-Base = CPI for the quarter ended 31 Mar 2026.

### 3.4.4. Cost pass through

Hydro Tasmania is seeking a pass-through clause to account for any TasNetworks mandated infrastructure changes required for the FCSPS, for example, new protection relay hardware, software upgrades, or communications system changes. Costs arising under this clause are passed through from the service provider to Basslink on an as-incurred basis and are outside the scope of the fixed monthly fee and are not amounts that Basslink can influence through operational or commercial decisions.

Payments made by Basslink under the SSNS Contract comprising the fixed monthly fee, any Service Availability Amount adjustments, and any contractual pass-through amounts are network support payments made under a network support agreement and recoverable through NER 6A.7.2.

## 4. Regulatory framework

The *Improving Security Frameworks for the Energy Transition* rule change (the ISF Rule) allows Basslink to seek an ex-ante determination from the AER that the expenditure for its proposed SSNS payment, as set out in a SSNS Contract between Basslink and Hydro Tasmania, is consistent with the relevant opex and network support payment criteria under clause 6A.6.6A of the NER.

Basslink therefore submits this application in accordance with 6A.6.6A(b) of the Rules. The information required under the Guideline is outlined in this section of the application as well as in Appendices 1 to 6 while all relevant details for the SSNS Contract are detailed in section 3, including:

- nature of the service,
- service provider,
- contract term,
- proposed payments and payment methodologies, and
- details of any other costs, costs components and triggers for all other potential expenditures included in the SSNS Contract.

This information allows the AER to determine whether the proposed SSNS Contract is likely to be prudent and efficient.

Basslink can confirm that this application is made prior to the attached SSNS Contract being executed as recommended in the Guideline.

### 4.1. Eligibility Criteria

This application is made under rule 6A.7.2 of the NER (system security network support payments).

The Frequency Operating Standard<sup>3</sup> for Tasmania contains a requirement that:

*“The size of the largest single generation event, load event or network event is limited to 144 MW. This limit can be implemented for an event greater than 144MW by automatic load shedding or any other arrangements approved by AEMO that would effectively reduce the impact of the event to 144MW or below.”*

A load event in Tasmania being defined as:

*“...either a change of more than 20 MW of load, or a rapid change of flow by a high voltage direct current interconnector to or from 0 MW to start, stop or reverse its power flow, not arising from a network event, generation event, separation event or part of a multiple contingency event.”*

Consequently, a trip of Basslink on import or export is considered a load event for the purposes of the Tasmanian Frequency Operating Standard and absent an appropriate tripping scheme, the size of the largest load event on Basslink is constrained to 144 MW.

The Basslink FCSPS is the tripping scheme which allows flows on Basslink to exceed this limit and Figure 1 shows how it fits into the ancillary service framework under the NER.

The Basslink FCSPS is a network support and control ancillary service (NSCAS) as it has the capability to control the active power flow into or out of Basslink to address an NSCAS need. The NSCAS need in this instance is the increased power transfer capability of Basslink from 144 MW to full capacity under the Tasmanian Frequency Operating Standard.

The payments for load tripping and generation tripping services under the FCSPS therefore constitute system security network support payments, as they are payments made by a

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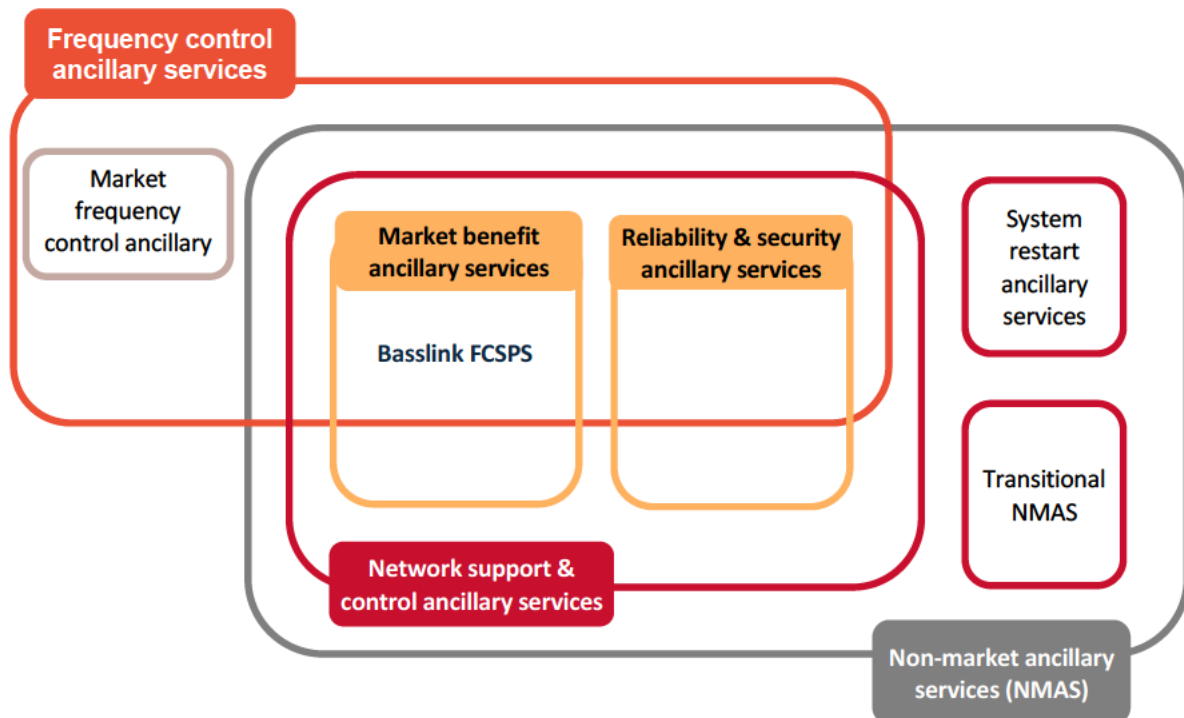
<sup>3</sup> Frequency operating standard - in effect 9 October 2023

Transmission Network Service Provider (a converted Basslink) under a network support agreement for NSCAS.

It also highlights that the Basslink FCSPS falls under the definition of:

- a non-market ancillary service (NMAS) as it is a NSCAS acquired by a TNSP under a network support agreement to meet the service standards linked to the technical requirements of schedule 5.1 or in applicable regulatory instruments, and
- a market benefit ancillary service (MBAS), being an NMAS that increases the power transfer capability of the transmission network.

Figure 1: Category of Basslink FCSPS services



As a non-market ancillary service procured by Basslink under a network support agreement, the payments under the SSNS Contract are appropriately treated under NER 6A.7.2, which provides for network support payments to be passed through to consumers via the regulated revenue framework. Basslink nominates the 6A.7.2 pathway as the service is:

- a network support ancillary service,
- procured by Basslink under a network support agreement,
- paid for by Basslink as a regulated TNSP.

## 4.2. Materiality threshold

In order to meet the materiality threshold, the Guideline sets out that the expected average annual payment under the SSNS Contract must exceed 1% of AER approved unsmoothed revenues in a regulatory year of the regulatory control period.

Basslink has assumed for this purpose that:

- Basslink's unsmoothed revenue for 2026-27 is equivalent to the revenue in the AER's *Final decision: Basslink electricity transmission determination 1 July 2026 to 30 June 2030* published February 2026, and

- the expected average annual payment of the SSNS Contract is based on Hydro Tasmania being able to provide FCSPS services at all times during 2026-27.

The expected average annual payment of the SSNS Contract for the first full year of operation is 19% of the expected AER approved revenue in the 2026-27 regulatory year of Basslink's initial regulatory determination. It clearly meets the materiality threshold.

This information is calculated in the spreadsheet included in Appendix B, showing all input data, assumptions and calculations for the expected average annual payments of the SSNS Contract.

### 4.3. Demonstrating prudence and efficiency

The Guideline, which is consistent with clauses 6A.6.6A (a)(1)-(4) of the Rules, outlines the AER's approach to assessing the efficiency and prudence of a proposed SSNS payment, or payment methodology.

Basslink considers, given the current circumstances, the SSNS Contract between Hydro Tasmania and Basslink to be prudent in the context of the Rules, criteria and factors.

Basslink also recognises the evidence provided by Hydro Tasmania demonstrating the payments in the SSNS Contract are efficient and incorporates this evidence in section 4.5 below.

### 4.4. Demonstrating prudence

The specific information the AER considers in any assessment will vary on a case-by-case basis depending on the nature and circumstances of the draft contract being reviewed and the available information and evidence.

Basslink proposes that:

- there is a definite need for the FCSPS and the associated load and generator tripping services that are detailed in the proposed SSNS Contract,
- the SSNS Contract has been structured, including conditions for reducing payments when required, so that it contains no unnecessary cost components, and
- there is sufficient evidence and information to enable the AER to establish that it is prudent for Basslink to enter the SSNS Contract, as shown below.

#### 4.4.1. Need for service

The Tasmanian Frequency Operating Standard limits the largest single load or generation event on the Tasmanian network to 144 MW absent an approved mitigating arrangement.

Basslink's transfer capability exceeds the 144 MW limit in both import and export directions. The FCSPS is the arrangement that has enabled Basslink to provide its maximum capability while complying with the Tasmanian Frequency Operating Standard. The service procured under the SSNS Contract is therefore a necessary input to Basslink to continue to deliver the full transfer capability.

The scope of the services procured is calibrated to the technical envelope that enables the transfer capability. The contracted load-tripping portfolio provides load sufficient for the 478 MW import-side single-event requirement, with the redundancy margin required by the scheme's arming logic. Contracted generator-tripping rights are sufficient for the 630 MW export-side single-event requirement.

The need for the service is a continuing feature of the Tasmanian network, not a condition of the current regulatory control period. The 144 MW limit is a standing technical constraint arising from the size and characteristics of the Tasmanian power system and any HVDC interconnector importing or exporting above that limit requires an approved mitigating arrangement. The FCSPS has provided that arrangement continuously for Basslink since commissioning in 2006. It will continue to be

required during the term of the SSNS Contract and is specific to the Tasmanian network's frequency control requirements rather than to any particular HVDC asset.

The technical design of the scheme, the arming logic, and compliance with the Tasmanian Frequency Operating Standard are arrangements between TasNetworks as the Tasmanian TNSP, AEMO as system operator, and the service provider. Sustained usage of the FCSPS across successive contract cycles over approximately two decades is evidence that procurement of this service has been, and remains, the efficient approach to enabling the full transfer capability of Basslink.

#### 4.4.2. Market Benefits

The significance of Basslink's approved transfer capability to consumers in the Tasmanian and Victorian regions of the National Electricity Market is supported by market modelling conducted for Basslink's Revenue Proposal to the AER, and by supplementary modelling conducted by Hydro Tasmania.

Basslink's Revenue Proposal to the AER included market modelling conducted by EY that estimated the market benefits delivered by Basslink when it is available at full capacity compared to the market benefits delivered when Basslink was limited to 150 MW. These results are shown in Table 4.

Table 4: Market benefits delivered by Basslink ((\$July 2025)

| Scenario                           | Basslink capacity | Marinus Link single stage | Marinus Link ISP timing | Marinus Link delay |
|------------------------------------|-------------------|---------------------------|-------------------------|--------------------|
| AEMO 2022 ISP Step Change Scenario | 150 MW            | \$1,741m                  | \$1,048m                | \$1,675m           |
|                                    | Full capacity     | \$4,298m                  | \$2,596m                | \$4,273m           |
| <b>Additional benefit</b>          |                   | <b>\$2,557m</b>           | <b>\$1,548m</b>         | <b>2,598m</b>      |

The difference in the market benefits delivered by the increase from 150 MW to full capacity, ranged from \$1.5 billion to \$2.6 billion dollars depending on the Marinus Link scenario.

The modelling supports the conclusion that the contracted FCSPS delivers a substantial market benefit (at least \$1.5 billion over the life of Basslink).

Hydro Tasmania's supplementary modelling quantifies the annual value of approved-capability availability at approximately \$129 million per annum across the Victorian and Tasmanian regions over the FY26–FY30 period. The modelling compares market dispatch and customer outcomes with the FCSPS in place (Basslink available at 478 MW import and 630 MW export) against the counterfactual of Basslink constrained to 144 MW under the Tasmanian Frequency Operating Standard.

These figures are presented as evidence that it is clearly in the long-term interests of consumers to ensure that Basslink can operate at its full capacity.

#### 4.4.3. Contract structure is prudent given the nature of the service

The payments in the SSNS Contract are for FCSPS services which are required for Basslink to operate at full capacity while meeting Tasmanian Frequency Operating Standards.

The structure of the payment in the SSNS Contract is a fixed monthly fee which reflects the need for the tripping services to be constantly available, rather than payment on a variable or event basis.

The single fee for the combined service of load and generation tripping reflects that that the services are functionally interdependent with load tripping as the keystone of the scheme. The certainty of import capability enables export capability, and together they underpin the incremental market benefits realised when Basslink operates above 144 MW.

The SSNS Contract includes service availability conditions so that payments are reduced when the tripping services are unavailable. The fixed payment structure combined with the service availability conditions is prudent in that it:

- aligns the payments with the contracted parties' incentives,
- provides price certainty as the expected fixed costs are known and accounted for by participants with variations only arising when the contracted services are not provided in full, and
- prevents over payment with the charges being fixed or capped.

The pricing methodology underpinning the fixed fee and the Service Availability Amount adjustments is set out in section 4.5.2.

A dedicated grid-scale battery energy storage solution was considered as an alternative to the SSNS Contract structure and is assessed in section 4.5.4 (Costs of potential alternatives). It was not selected because it is not available on a procurement or installation timeline consistent with Basslink's 1 July 2026 regulation commencement date. Only Tasmania's concentrated industrial load base can deliver the required system security outcome, having regard to the circumstances and the commencement of the regulatory period on 1 July 2026.

## 4.5. Demonstrating efficiency

Basslink's assessment of efficiency is set out in this section highlighting:

- the procurement process
- the pricing methodology and a value-basis assessment of the contracted fee,
- supporting evidence from comparable schemes and alternative technologies, and
- the market significance of the approved transfer capability the service sustains.

The SSNS Contract was not an outcome of a competitive process because of the limited number of service providers and instead, is the result of a direct negotiation for SSNS services with the only realistic provider of the services. As part of this negotiation, Hydro Tasmania has provided evidence of the efficiency of the SSNS Contract, and this supporting information is summarised in the value based and market significance assessments below.

The payment or payment methodology is fixed within the SSNS Contract which is efficient in that it does not result in unnecessary costs. It reflects the least cost that Basslink could reasonably achieve in the circumstances with no alternatives available in the short-term.

### 4.5.1. Procurement process

The FCSPS has been in operation since the commissioning of the Basslink interconnector and although Hydro Tasmania has provided these services historically, it is under no obligation to do so. Basslink has subsequently undertaken a process to procure these services from 1 July 2026 as a regulated TNSP.

Basslink conducted a competitive tender process at the end of 2024 to procure load and generation tripping services. The tender and results are summarised in Appendix D. The results were limited as significant industrial loads in Tasmania were already contracted with Hydro Tasmania, and the latter being the only viable source of generator tripping.

Basslink has since focussed on direct negotiation for FCSPS services with Hydro Tasmania because it owns both the required generation tripping services as well as having aggregated load tripping services from Tasmania's major industrial customers under its existing retail contracts. Hydro Tasmania's provision of generation-tripping services to enable export has been predicated on import-side load-tripping being available as the hydrological management during periods of import into Tasmania creates the flexibility that allows for later exports.

The SSNS Contract detailed in this application has been provided by Hydro Tasmania and represents a practical approach for procuring FCSPS services in the short-term, given market circumstances.

#### 4.5.2. Pricing methodology

Basslink has assessed the reasonableness of the payments in the SSNS Contract against external reference points.

The three reference points Basslink has applied are:

- the prices of comparable Protection Schemes and network support services procured by other Transmission Network Service Providers,
- the cost of alternative technologies capable of providing an equivalent service, and
- the market significance to consumers of Basslink being able to operate at full capacity.

The pricing structure adopted is a fixed monthly availability fee with Service Availability Amount adjustments that reduce payments when the service is not fully available. Basslink considers this structure to be the efficient fit for the service procured.

The service is the continuing standing availability of contracted capability — a service whose delivery is characterised by readiness rather than event frequency. A fixed-fee structure aligned to availability:

- reflects the character of the service as the cost of maintaining the contracted portfolio does not vary materially with the number of events that occur,
- avoids the administrative costs from event-based pricing for a scheme whose value is realised primarily through readiness,
- provides Basslink with price certainty, and
- places performance risk on the service provider through the Service Availability Amount mechanism.

The load tripping services are not procured through stand-alone contracts and form part of broader, long-term energy supply arrangements that Hydro Tasmania holds with each of the industrial customers. The underlying commercial arrangements between the service provider and Tasmanian industrial customers whose load forms part of the contracted tripping portfolio are subject to commercial confidentiality between those parties.

Basslink was therefore not able to assess the requested fee on a cost build-up basis.

However, the value-basis assessment against the external references highlighted above provides Basslink with a basis for concluding that the payments in the SSNS Contract are efficient under the circumstances.

Hydro Tasmania has provided the basis for the calculation of the annual fee to assist the AER's assessment of efficiency. The per annum fee was based on:

- volume weighting of the fees for each participant to give a unit rate of █████ MWh,
- the Enabled Import (630.5 MW × 8,760 h),
- a redundancy factor (478 MW /630.5 MW) to adjust the Enabled Import so that the charges only apply to effective capacity, and
- applying these rates to calculate a fee of: █████ Wh × 5,523,180 MWh = █████ million p.a.

#### 4.5.3. Cost of similar protection schemes

These are a variety of protection schemes to:

- manage system impacts of credible contingencies (i.e. outages of one item of plant), and
- increase flow on interconnectors or transmission corridors.

These include the:

- **Victorian Big Battery System Integrity Protection Scheme** which operates to increase NSW-Vic imports and prevent thermal overload of one of the two parallel circuits on the Victoria-NSW Interconnector in the event of a trip of the other line. AEMO pays approximately \$13 million annually for this service which provides for a 250 MW load increase, and
- **Waratah Super Battery System Integrity Protection Scheme** which increases power transfer capacity on transmission lines that connect generation in NSW to load centres in the Sydney/Newcastle/Wollongong region. Network augmentation and SIPS costs account for over \$20m per annum for 350 MW of SIPS capability.

The payments under the SSNS Contract are assessed against the prices of these comparable Special Integrated Protection Schemes procured by other TNSPs in table 5.

Table 5: Special Protection Schemes and estimated costs

| Comparator scheme                             | Procurement basis     | Benchmark price (\$/kW/year) |
|---|-----------------------|------------------------------|
| Victorian Big Battery (VBB) SIPS <sup>4</sup> | Competitive tender    | ~\$50/                       |
| Waratah SIPS (NSW) <sup>5</sup>               | Regulated procurement | ~\$57                        |
| Basslink FCSPS (this Contract)                | Direct negotiation    | ██████                       |

single availability fee procures the scheme across the full import and export protection envelope under a single contract; no separate unit price is attributed to load-tripping and generator-tripping elements.

The contracted FCSPS fee is lower than the comparable schemes on a consistent per-kW-of-protected-capability basis. At approximately ████████ the FCSPS fee sits below the competitively tendered Victorian Big Battery SIPS price of approximately \$50/kW/year, below the lower bound of the estimated Waratah Super Battery SIPS range, and below the full CSIRO GenCost range for an equivalent grid-scale battery storage alternative described in section 4.5.4. This comparison supports the conclusion that the contracted fee is consistent with the prices that market and regulated processes have established for comparable network support services.

#### 4.5.4. Costs of potential alternatives

Basslink has assessed the cost and availability of alternative technologies capable of providing an equivalent service to the FCSPS. The nearest alternative technology is grid-scale battery storage with sufficient power rating and response capability to meet the single-event requirements for Basslink.

Grid-scale battery storage of the scale and location required is not currently installed in Tasmania and is not a practical alternative for 2026-27. Alternative technology is therefore a point of reference

<sup>4</sup> AEMO, *AEMO completes System Integrity Protection Scheme procurement process*, media release, 3 August 2021, available at <https://www.aemo.com.au/newsroom/media-release/aemo-completes-system-integrity-protection-scheme-procurement-process>. The Victorian Big Battery SIPS was procured by AEMO under the National Electricity (Victoria) Act 2005 (Vic) and contracted to Neoen for the period November 2021 to March 2032 at a fixed annual fee of \$12.5 million (CPI-escalated) for 250 MW of SIPS capability.

<sup>5</sup> Australian Energy Regulator, *Final determination — Waratah Super Battery — SIPS Service component*, 14 December 2022, available at <https://www.aer.gov.au/industry/registers/determinations/waratah-super-battery-project-sips-battery-service-contestable>. The AER-approved revenue for the SIPS service component is redacted from the public determination; publicly available summaries indicate total payments in excess of \$20 million per year for 350 MW of SIPS capability.

for the efficient procurement of the service in future regulatory control periods rather than a currently feasible substitute for the contracted FCSPS services.

Published and benchmarked grid-scale battery storage costs for this application range from approximately \$52 to \$95 per kW per year<sup>6</sup> depending on siting, scale, and the commercial structure of the service arrangement. This analysis suggests that battery storage would be at a higher cost than the cost of the FCSPS proposed by Hydro Tasmania in the SSNS Contract.

In the medium term, Basslink believes that battery energy storage systems (BESS) that are able to provide fast frequency response services will provide an alternative to the load and generator tripping services of the FCSPS.

#### **4.5.5. Economic benefits**

The whole of life market benefits associated with an increase in Basslink capacity from 150 MW to full capacity are modelled and summarised in section 4.4.1 above.

Hydro Tasmania also conducted market modelling that compares Basslink's operation at full capability (with FCSPS) versus constrained operation at 144 MW (without FCSPS) across the period FY26-FY30.

This modelling demonstrates that the value consumers derive from Basslink operating at full capacity is substantially above the payments under the SSNS Contract.

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<sup>6</sup> CSIRO and AEMO, GenCost 2024–25 Final Report, July 2025, available at <https://www.csiro.au/en/research/technology-space/energy/Electricity-transition/GenCost>. The \$52–\$95/kW/year range reflects annualised capital and operating costs for grid-scale battery storage of sufficient power rating and duration to provide equivalent network support capability, drawing on CSIRO's published large-scale battery cost projections.

## Appendix A: Compliance Summary

The table below details the evidence that the contract is compliant with the requirements listed in 6A.6.6A(a) of the National Electricity Rules.

Table A.1: Compliance Assessment for the Hydro Tasmania SSNS Contract

| Compliance Area                         | Requirement  | Evidence  |
|---|--|---|
| <b>Operating expenditure objectives</b> | 1.1 Meet or manage the expected demand for regulated services over the regulatory control period   | The FCSPS is required to be active from 1 July 2026 when Basslink becomes a regulated TNSP. It will enable Basslink to run a full capacity whilst meeting the Tasmanian Frequency Operating Standard. |
|   | 1.2 Comply with all applicable regulatory obligations or requirements associated with the provision of the regulated services  | As above  |
|   | 1.3 Maintain the quality, reliability and security of supply of regulated services   | As above  |
|   | 1.4 Maintain the reliability, safety and security of the transmission system through the supply of regulated services  | As above  |
| <b>Operating expenditure criteria</b>   | 2.1 The efficient costs of achieving the operating expenditure objectives  | The methodology excludes unreasonable costs, components, or triggers. The costs are efficient under the circumstances.  |
|   | 2.2 The costs that a prudent operator would require to achieve the operating expenditure objectives  | The commercial structure commits delivery to specification by the Service Provider.   |
|   | 2.3 Realistic expectations of demand and cost inputs required to achieve the operating expenditure objectives.   | The costs to meet the frequency standard requirements of the NER for Tasmania can be considered prudent given the system specification objectives.  |
| <b>Operating expenditure factors</b>    | 3.1 The most recent annual benchmarking report that has been published under rule 6A.31 and the benchmark operating expenditure that would be incurred by an efficient Transmission Network Service Provider over the relevant regulatory control period | N/A   |

| Compliance Area | Requirement  | Evidence  |
|-----------------|--|---|
|                 | 3.2 The actual and expected operating expenditure of the Transmission Network Service Provider during any preceding regulatory control period  | N/A   |
|                 | 3.3 The extent to which the operating expenditure forecasts includes expenditure to address the concerns of electricity consumers as identified by the Transmission Network Service Provider during its engagement with electricity consumers. | N/A   |
|                 | 3.4 The relative prices of operating and capital inputs  | The service was selected as the singular available option at this time. Other options, including additional capital investment in alternative technology can only be considered for future years. |
|                 | 3.5 The substitution possibilities between operating and capital expenditure   | The service was selected as the singular available option at this time. Other options, including additional capital investment in alternative technology can only be considered for future years. |
|                 | 3.6 Whether the capital expenditure forecast is consistent with any incentive scheme or schemes that apply to the Transmission Network Service Provider under clauses 6A.6.5, 6A.7.4, 6A.7.5 or 6A.7.6   | N/A   |
|                 | 3.7 To the extent the operating forecast is referable to arrangements with a person other than the Transmission Network Service Provider that, in the opinion of the AER, do not reflect arm's length terms.                                   | Hydro Tasmania is a Tasmanian Government-owned corporation operating at arm's length from Basslink. No related-party relationship exists between Basslink and Hydro Tasmania.                     |
|                 | 3.8 Whether the operating expenditure forecast includes an amount relating to a project that should more appropriately be included as a contingent project under clause 6A.8.1(b)  | N/A The draft contract is for a non-network solution for operating expenditure.   |
|                 | 3.9 The most recent Integrated System Plan and any submission made by AEMO, in accordance with the Rules, on the forecast of the Transmission Network service Provider's required operating expenditure.                                       | N/A   |

| Compliance Area                    | Requirement  | Evidence   |
|------------------------------------|--|--|
|                                    | 3.10 The extent to which the Transmission Network Service Provider has considered and made provision for efficient and prudent non-network options.  | N/A – This service is a non-network option   |
|                                    | 3.11 Any relevant project assessment conclusion report required under clauses 5.16.4 or 5.16A.4  | N/A  |
|                                    | 3.12 The extent to which the operating expenditure forecast includes expenditure that was subject to a determination by the AER under clause 6A.6.6A   | No allowance for the FCSPS service was included in Basslink’s recent determination for 2026-2030. TasNetworks provides the IT and communication infrastructure for the FCSPS and charges Basslink annually. These forecast costs are included in the Basslink determination. |
|                                    | 3.13 Any other factors that AER considers relevant and which the AER has notified the Transmission Network Service Provider in writing, prior to the submission of its revised Revenue Proposal under clause 6A.12.3, is an operating expenditure factor.              | N/A  |
|                                    | 4.1 All relevant regulatory processes are complete   | The service relates to Tasmania frequency operating standards.   |
|                                    | 4.2 All services in the draft contract must be ‘preferred options’ under a completed RIT-T or a ‘secondary option’ approved by the AER following a ‘material change in circumstances’  | See section 4.2 for requirements and evidence on eligibility services in the draft contract.   |
|                                    | 4.3 The expected average annual payment under the draft contract, or a portfolio of draft contracts with the same payments or payment methodologies, must exceed 1% of AER approved unsmoothed revenues in a regulatory year for the current regulatory control period | The annual payment is above the materiality threshold of 1%.   |
| <b>Factors in clause 6A.7.2(i)</b> | <p>Network support pass through requirements</p> <ul style="list-style-type: none"> <li>• Details of the network support required</li> <li>• The network support allowance</li> </ul>  | If Basslink is required to submit a network support pass-through event associated with the SSNS Contract, then it will provide the required evidence for the factors in clause 6A.7.2(i).  |

| Compliance Area   | Requirement  | Evidence |
|---|--|----------|
| <b>relevant to system security network support payments</b> | <ul style="list-style-type: none"><li>• Actual network support expenditures</li><li>• Network support pass through amount</li><li>• Reasons for the network support payment</li><li>• Verification of actual network support expenditure</li><li>• Detailers on the provider of the network support service</li><li>• Details on the TNSP's decisions and actions in managing the network support pass through event.</li><li>• Any other factors the AER considers relevant</li></ul> |          |

## Appendix B: Materiality calculation

This appendix sets out the calculation supporting the materiality threshold assessment required under rule 6A.7.2(b) of the National Electricity Rules. A network support pass-through is available where the expected average annual payment under the draft contract exceeds 1% of the AER-approved annual unsmoothed revenues of the Transmission Network Service Provider for the regulatory control period.

[REDACTED]

For the purposes of this appendix, the relevant denominator is Basslink's AER-approved annual unsmoothed revenues for the 2026–30 regulatory control period as set out in the Final Decision published February 2026.

| Year   | 2026-27       | 2027-28       | 2028-29       | 2029-30       |
|--|---------------|---------------|---------------|---------------|
| <b>Building Block Components (\$m Nominal)</b> |               |               |               |               |
| Return on Capital                              | 50.00         | 48.91         | 46.98         | 44.91         |
| Return of Capital (regulatory depreciation)    | 27.64         | 29.85         | 32.06         | 34.39         |
| Operating Expenditure                          | 31.23         | 32.12         | 34.25         | 34.84         |
| Revenue Adjustments                            | -             | -             | -             | -             |
| Net Tax Allowance                              | 3.29          | 3.40          | 3.55          | 3.77          |
| <b>Basslink AARR (unsmoothed)</b>              | <b>112.16</b> | <b>114.28</b> | <b>116.84</b> | <b>117.93</b> |
| CPI Escalation                                 |               | 2.63%         | 2.57%         | 2.50%         |
| <b>Hydro Tasmania draft</b> [REDACTED]         |               |               |               |               |
| [REDACTED]                                     | [REDACTED]    | [REDACTED]    | [REDACTED]    | [REDACTED]    |
| [REDACTED]                                     | [REDACTED]    | [REDACTED]    | [REDACTED]    | [REDACTED]    |
| [REDACTED]                                     | [REDACTED]    | [REDACTED]    | [REDACTED]    | [REDACTED]    |

## Appendix C: Service Availability - worked example.

### Scenario

Only 178 MW of load interruption service is available for a 3-month period during a Contract Period. This reflects the scenario where 300 MW of the contracted load blocks become unavailable (e.g. due to an industrial site reducing operations).

This example demonstrates the annual settlement calculation of the Service Availability Amount under the amended contract, using the Available Import FCSPS Capacity as the objective measure of load tripping availability.

### Key Contract Parameters

| Parameter                                   | Value                 |
|---|-----------------------|
| Minimum Import FCSPS Capacity               | min(478 MW, MAXAVAIL) |
| Availability Threshold                      | 0.95 (95%)            |
| Available Import FCSPS Capacity data source | TAS_FCSPS_LOAD_ENAB   |

### Step 1: Calculate Service Availability Factor (per interval)

The Service Availability Factor is calculated for each trading interval in which Basslink **does not Export**. The Available Import FCSPS Capacity is the TAS\_FCSPS\_LOAD\_ENAB SCADA value for that interval.

#### During the 3-month unavailability period:

|   |  |
|---|--|
| Available Import FCSPS Capacity (TAS_FCSPS_LOAD_ENAB) | 178 MW                                   |
| Minimum Import FCSPS Capacity                         | 478 MW                                   |
| <b>Service Availability Factor</b>                    | <b><math>178 \div 478 = 0.372</math></b> |

#### During the 9-month availability period:

|   |  |
|---|--|
| Available Import FCSPS Capacity (TAS_FCSPS_LOAD_ENAB) | 478 MW (full capacity)                               |
| <b>Service Availability Factor</b>                    | <b><math>478 \div 478 = 1.0</math> (capped at 1)</b> |

### Step 2: Calculate Average Service Availability Factor (ASAFCP)

The ASAF is averaged across all trading intervals in which Basslink does not Export during the Contract Period.

For illustrative purposes only, this example assumes Basslink does not Export for approximately 50% of trading intervals (the combined import and zero-flow intervals). The actual proportion will be determined by dispatch outcomes over the Contract Period and is expected to vary between contract years.

### Trading Interval Analysis

| Metric                              | Value                               |
|-------------------------------------|-------------------------------------|
| Total 5-minute intervals per year   | $12 \times 24 \times 365 = 105,120$ |
| Non-export intervals (50% assumed)  | 52,560 intervals                    |
| — During 3-month outage (25%)       | 13,140 intervals @ SAF = 0.372      |
| — During 9-month availability (75%) | 39,420 intervals @ SAF = 1.0        |

### Weighted Average Calculation

$$\text{ASAFCP} = \frac{\sum(\text{SAF for each non-export interval})}{\text{Total non-export intervals}}$$

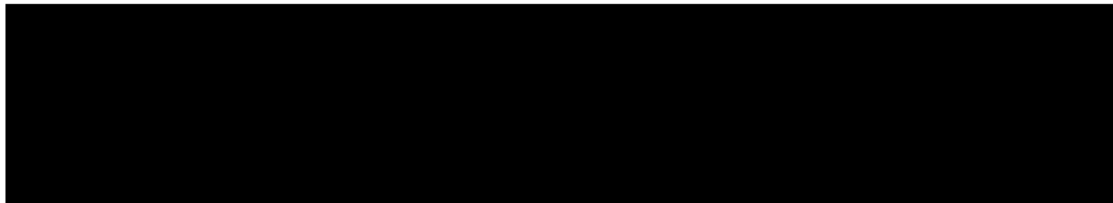
| Period               | Calculation     | Contribution  |
|----------------------|-----------------|---------------|
| 3-month outage       | 13,140 × 0.372  | 4,888         |
| 9-month availability | 39,420 × 1.0    | 39,420        |
| <b>Total</b>         |                 | <b>44,308</b> |
| <b>ASAFCP</b>        | 44,308 ÷ 52,560 | <b>0.843</b>  |

### Step 3: Test Against Availability Threshold

As the calculated ASAFCP of 0.843 in Step 2 is lower than the availability threshold of 0.95, a Service Availability Amount is payable.

### Step 4: Calculate Service Availability Amount

$$\text{Service Availability Amount} = \text{SSFCP} \times (0.95 - \text{ASAFCP})$$



### Sensitivity Notes

The actual Service Availability Amount would vary based on:

- The actual proportion of trading intervals in which Basslink does not Export (50% assumed above). This includes both import intervals and zero-flow intervals.
- The timing of unavailability relative to actual non-export patterns.
- Any periods where Minimum Import FCSPS Capacity is reduced for causes other than insufficient Available Import FCSPS Capacity (see note on MIC data source below).
- The actual per-interval TAS\_FCSPS\_LOAD\_ENAB values, which may vary across dispatch intervals depending on which load blocks are armed.

### Minimum Import FCSPS Capacity — MAXAVAIL Data Source

#### Background

The Minimum Import FCSPS Capacity is the denominator in the SAF calculation.

It is defined as the lower of 478 MW and the Basslink import availability declared to AEMO (MAXAVAIL) but is further reduced when Basslink is constrained or otherwise unable to import that quantity for reasons unrelated to FCSPS (e.g. cable thermal derating, maintenance). This protects HT from being penalised for low armed load during periods when Basslink could not have imported 478 MW regardless.

#### Chosen Data Source: Basslink Import MAXAVAIL

The contract references the MAXAVAIL declared to AEMO in respect of Basslink’s import capability (i.e. the Tasmanian receiving end). The specific AEMO table and link identifier may change over time (e.g. as Basslink transitions from MNSP to regulated interconnector), but the concept remains the same: the availability that BPL (or the relevant TNSP) declares to AEMO for Basslink’s import direction.

### Key Distinction: Dynamic vs Continuous Rating

Basslink has two relevant import ratings:

| Rating                    | Value             | Relevance   |
|---------------------------|-------------------|---|
| Dynamic/burst rating      | 478 MW            | The import level that triggers FCSPS (FCASIMPORTLIMIT). This is the contractual cap.  |
| Continuous/thermal rating | Varies (MAXAVAIL) | The cable's declared sustainable import capability for a given period. May be less than 478 MW due to thermal conditions, maintenance, or derating. |

### Contract Formula

**Minimum Import FCSPS Capacity = min(478 MW, Basslink import MAXAVAIL declared to AEMO)**

Example: If BPL declares MAXAVAIL = 300 MW due to cable thermal limits:

|   |                                 |
|---|---------------------------------|
| <b>Minimum Import FCSPS Capacity</b>                  | <b>min(478, 300) = 300 MW</b>   |
| Available Import FCSPS Capacity (TAS_FCSPS_LOAD_ENAB) | 358 MW                          |
| <b>SAF</b>  | <b>358 ÷ 300 = 1.0 (capped)</b> |

## Appendix D: Request for Tender

APA issued its Request for Tender (RFT) document on behalf of Basslink in late 2024 for the procurement of FCSPS load-tripping and generation-tripping services.

### Summary of the procurement process:

#### Key dates for Tender

Tender Opened: 14 November 2024

Tender Closed: 15 January 2025

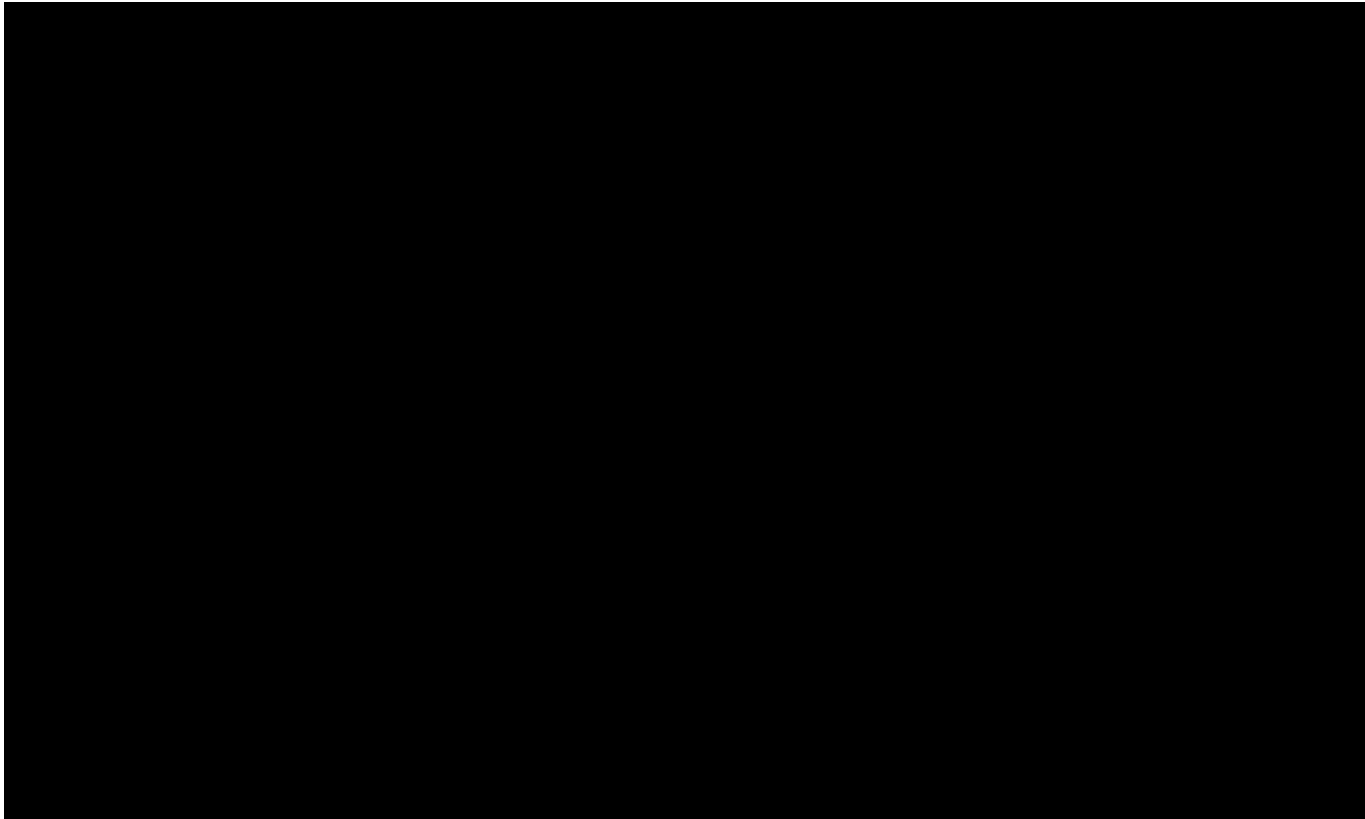
#### Summary of RFT

*The RFT seeks responses from suitably qualified participants (that is, Tasmanian loads and generators with existing SPS participation deeds with TasNetworks) with the aim to enter commercial contracts for the provision of Basslink FCSPS generator tripping and load interruption services commencing on 1 July 2025.*

Specifically, Basslink sought to procure the following type of services:

**Generator Tripping Service** meaning capability and availability to rapidly shed or de-load electricity generation at times when current being delivered from Tasmania to Victoria through Basslink is suddenly interrupted, and

**Load Interruption Service** meaning: capability and availability to rapidly shed electricity load at times when current being delivered to Tasmania from Victoria through Basslink is suddenly interrupted.



**Appendix E: Basslink FCSPS Agreement 2026 – SSNS Contract**