

## 'Non-Contestable Guideline 2026 Review – Submission'

Mr Scott Haig  
Acting General Manager,  
Renewable Energy Zones Branch, Networks Regulation  
Australian Energy Regulator

Dear Mr Haig,

The Draft Transmission Efficiency Test and Revenue Determination Guideline for non-contestable network infrastructure projects represents a structurally flawed regulatory framework that risks embedding long-term inefficiency, excessive consumer cost exposure, and material national security vulnerabilities into Australia's electricity system.

This is not a marginal technical adjustment.

It is a fundamental redefinition of how monopoly transmission assets, system-strength infrastructure, and non-network technologies are financially regulated and recovered from consumers.

The framework is being developed in the context of predatory, anti-Australian Transgrid (who cannot be trusted as they are sabotaging the Grid along with the State Grid Corporation of China, Cheung Kong, Spark Infrastructure and TNB's Spark Renewables) planning increasingly large-scale investments in transmission augmentation, system strength services, and associated infrastructure, including technologies such as grid support batteries and synchronous condensers.

### **1. Regulatory boundary failure and cost expansion risk**

The guideline risks collapsing the distinction between:  
regulated transmission infrastructure, and competitive or system-support technologies (storage, inverter support, synchronous condensers)

This creates a pathway for:

monopoly-regulated revenue recovery of assets that should be subject to competitive procurement

long-term cost escalation without effective market discipline

duplication of system services across overlapping technology layers

The result is a structurally inflationary cost model embedded into consumer tariffs.

### **2. Consumer exposure to inefficient capital expansion**

The revenue determination framework risks locking consumers into:

guaranteed returns on large capital programs regardless of system optimisation outcomes

investment in overlapping technologies performing similar grid functions

lack of transparent least-cost comparison between alternative system strength solutions

Without strict optimisation constraints, the framework incentivises capital expansion over cost minimisation.

### **3. Technology lock-in and inefficient system strength procurement**

The inclusion of system-strength assets (such as synchronous condensers or battery-based grid support systems) within regulated revenue mechanisms risks pre-selecting specific technical solutions without sufficient comparative evaluation.

However:

Other technologies can provide far superior and free system strength outcomes such as superior Coal Power has its own free Synchronous Inertia

Inverter-based grid-forming solutions may provide lower-cost alternatives

competitive procurement is essential to avoid overcapitalisation

Pre-determining asset classes within regulated recovery frameworks risks locking in high-cost infrastructure prematurely - especially when it's obvious that the RenewaBULL SWINDLE and totally unnecessary Interconnector Nightmare is collapsing due to economic insanity.

### **4. National Security implications (critical issue)**

A major omission in the current framework is the lack of explicit, enforceable National Security risk assessment for regulated transmission expansion involving:

increased reliance on imported high-voltage equipment

inverter-dominated generation systems

digitally controlled grid stabilisation technologies

unethical, foreign supply chain dependencies for critical grid components

This creates several material security risks:

Supply chain vulnerability: critical transformers, inverters, and grid components are globally constrained and heavily imported

Cyber-physical exposure: increased digital control layers expand attack surfaces in grid operation systems

System interdependency risk: highly interconnected inverter-based systems may increase cascading failure potential under coordinated disruption scenarios

Foreign dependency risk: long-term reliance on external manufacturing and software ecosystems for core grid stability functions

**Despite these risks, the guideline does not appear to incorporate a formal National Security stress test or sovereign resilience requirement into its revenue determination framework.**

**This is a serious structural gap.**

Electricity transmission infrastructure is not solely an economic asset class — it is critical national infrastructure, and should be treated accordingly in all regulatory cost recovery

decisions.

## **5. Absence of whole-of-system least-cost optimisation requirement**

A further fundamental flaw is the **absence of a binding requirement to demonstrate that approved investments represent:**

**the least-cost whole-of-system solution**

**across generation, transmission, storage, and system strength services**

Without this constraint:

costs can be shifted between regulated and competitive sectors

inefficiencies can be embedded into long-term tariff structures

consumers bear cumulative costs of suboptimal system design

## **Conclusion**

The Draft Guideline, as currently structured, risks:

increasing long-term consumer costs without robust optimisation constraints torturing electricity consumers unnecessarily - making us suffer austerity and hardship forever

deliberate withholding of our own, far superior, Australian benefiting, sovereign Coal Power resources

expanding monopoly-regulated revenue recovery into competitive technology domains

embedding inefficient and potentially duplicative infrastructure investment

and, critically, introducing under-assessed National Security vulnerabilities into the electricity transmission system

**Given the strategic importance of electricity infrastructure, the absence of a formal, enforceable National Security framework within revenue determination processes represents a significant governance deficiency.**

A revised framework must include:

strict asset-class separation

competitive procurement for non-network technologies

mandatory whole-of-system least-cost optimisation

and a formal National Security resilience and supply chain risk test for all major transmission investments