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Australian Energy Regulator
aerinquiry@aer.gov.au

AirTrunk's Submission to AER preliminary position on Transgrid's application to reopen the 2023–28 transmission revenue determination for Project EnergyConnect

AirTrunk welcomes the opportunity to comment on the Australian Energy Regulator's consultation on Transgrid's application to reopen its 2023–28 transmission revenue determination for Project EnergyConnect.

AirTrunk is an Australian founded and headquartered hyperscale data centre specialist creating a platform for cloud and AI services, serving global technology companies and large enterprise customers across Asia-Pacific and Japan. We develop and operate data centre campuses with industry leading reliability, technology innovation and energy and water efficiency. In New South Wales we operate three data centres and have more in our development pipeline.

AirTrunk supports paying its fair share of prudent and efficient network investment. Where additional network infrastructure is required to support a customer's demand, that customer should pay the efficient, incremental costs that are demonstrably caused by and attributable to that demand.

For broader network expenditure, the established regulatory framework should determine which costs may be recovered from customers. This provides confidence for customers and network businesses that expenditure is assessed consistently and that recoverable expenditure is prudent and efficient and supported by clear evidence, governance, procurement and cost controls.

This is particularly important as transmission network businesses undertake significant investment to support new large loads, including data centres. Where customers are expected to contribute to, or fund, network infrastructure, transmission businesses should be encouraged to adopt an open book or equivalent transparent approach to the underlying costs, scope, procurement, allocation methodology and delivery assumptions. This would allow customers, the AER and other stakeholders to understand how costs have been developed, how they have been allocated between beneficiaries, and whether the proposed contributions are proportionate to the benefits received.

On that basis, AirTrunk supports the AER applying the regulatory framework rigorously and transparently to the additional Project EnergyConnect expenditure. Costs demonstrated to be prudent and efficient should remain recoverable through the relevant regulatory mechanism. Where expenditure is not accepted through the current reopener process, the ex post review process provides Transgrid with a further opportunity to demonstrate that those costs were prudent and efficient.

AirTrunk considers that costs not ultimately approved for recovery through these regulatory processes should not be recovered through separate charges or contribution arrangements with individual customers or other private businesses. Where individual customers are asked to fund or contribute to network investment, the underlying costs and allocation methodology should be sufficiently transparent to demonstrate that the contribution is prudent, efficient, proportionate and not subject to future double recovery.



AirTrunk does not seek to comment on the detailed legal interpretation of the reopener provisions. Our submission is directed to the broader principle that network costs should be recovered consistently through the established regulatory framework, and that individual customer contributions should reflect only the efficient, incremental costs their connections create.

Sincerely,



Sabooh Whitelaw
Associate Vice President, Energy and Utilities
AirTrunk