

Network Support Pass Through Application FY2025-26

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Executive Summary

This application relates to five network support pass through events that occurred in FY2025-26:

- Part A: one negative pass through event for system security network support costs; and
- Part B: four positive pass through events relating to network support payments for the Broken Hill Battery Energy Storage System (BESS), Riverina BESS, Broken Hill Load Banks and Broken Hill Portable Generators.

To support an efficient review, Transgrid has consolidated these events into a single application. The resulting net pass through amount is a positive value of \$9.34 million (\$ June 2026).

Under clause 6A.7.2 of the National Electricity Rules (NER), Transgrid seeks the AER's approval to adjust its maximum allowable revenue (MAR) so that the resulting network support pass through amount can be incorporated into FY2027-28 transmission prices.

The information required under clause 6A.7.2 of the NER and the AER's *Procedural guideline for preparing a transmission network support pass through application 2011* (guideline) is set out below. The dollar basis of the financial values in this application is noted in brackets. The relevant calculations are available in the spreadsheet attached to this application.

Network support payment allowance

At the time of the 2023-28 Revenue Proposal and Revised Revenue Proposal, Transgrid had no network support contracts in place. In the Revised Revenue Proposal, Transgrid notified the AER that it was progressing commercial negotiations with non-network service providers, but those negotiations would not conclude before the AER made its Final Decision in April 2023.

Accordingly, Transgrid's approved network support payment allowance for the 2023-28 regulatory control period was zero. Transgrid advised the AER that any future network support payments and associated other costs would be recovered through the network support pass through provisions in the NER, should those costs arise.

Expected system security network support amount

Under the *Improving Security Frameworks for the Energy Transition* rule change (ISF rule change), TNSPs can recover expected non-network system security amounts upfront through an adjustment to annual transmission pricing. Consistent with this framework, Transgrid included an expected system security network support amount of \$22 million in FY2025-26 transmission prices. Actual system security network support payments and other costs were lower than this amount, giving rise to a negative pass through event.

Network support pass through amount

This application covers five network support pass through events for FY2025-26 summarised in Table 1 and supported by the accompanying calculation workbook.

Under the NER, a network support event occurs when actual network support payments differ from the applicable network support payment allowance. The resulting pass through amount is then determined by reference to that event and may include:

- the difference between actual payments and the allowance;
- other costs that are incremental and directly attributable to the event; and
- a time value of money adjustment, where applicable.

A positive event arises when actual network support payments exceed the relevant allowance, while a negative event arises when actual payments and costs are less than the amount recovered through transmission prices.

Table 1 Summary of network support pass through events, FY2025-26 | All figures in millions (\$Jun 2026)

Pass through event	Network support payments and other costs before time value of money (\$m)	Amount already recovered (\$m)	Payment/ other cost difference (\$m)	Time value of money (\$m)	Network support pass through amount (\$m)
Non-network system security		22.00			
Riverina BESS		0.00			
Broken Hill AGL BESS		0.00			
Broken Hill Load Banks		0.00			
Broken Hill Portable Generators		0.00			
Total	30.57	22.00	8.57	0.77	9.34

The financial model separately calculates, for each event, actual network support payments, other costs, amounts recovered (e.g. through transmission prices), the payment/other cost difference, the time value of money adjustment and the resulting network support pass through amount.

In terms of other costs, the AER's guideline notes that it will consider costs other than network support payments for inclusion in a network support pass through amount on a case-by-case basis (these have been termed 'other costs' throughout the application). The relevant consideration for these costs is whether the claimed costs are incremental and directly attributable to a network support event. Where a TNSP seeks to recover costs in addition to network support payments, the AER assesses those costs on a case by case basis against the factors in clause 6A.7.2(i) of the NER. Transgrid's approach in this application is consistent with the AER's guideline and previous practice.

In addition, consistent with the AER's approach in the Ausgrid storm cost pass through determination, Transgrid has included only 25% of applicable labour support costs. While Transgrid considers that a greater proportion of these costs may be attributable to the relevant activities, only 25% has been claimed to reflect a conservative estimate of the variable component of support costs that arose as a direct consequence of delivering the non-network system strength activities.

These support costs were incurred to enable the additional procurement, commercial, legal, regulatory, governance and contract management activities associated with Transgrid's system strength obligations and are not part of ordinary business-as-usual operations funded through the RP3 base opex allowance. Applying the 25% factor ensures recovery is limited to the portion of support costs that can reasonably be characterised as incremental and directly attributable to the relevant non-network activities.

This application is submitted on 22 September 2026, within 60 business days of the end of the relevant regulatory year and therefore complies with the timing requirements in clause 6A.7.2 of the NER.

Approach to capturing costs for this application

Transgrid established dedicated project structures within its financial management system to capture and manage all costs associated with the activities covered by this application. Separate project tasks were established for each cost category, including distinct tasks for network support payments and other cost categories, enabling costs to be separately identified, tracked and reported.

Internal labour costs were recorded directly against the relevant project tasks through Transgrid's timesheet system, ensuring that employee time was attributed to the specific activities undertaken. External costs were charged to the relevant project tasks through approved purchase orders established within Transgrid's procurement system and were subject to Transgrid's standard procurement and financial approval processes.

Costs recorded against these project tasks were monitored and reviewed by the responsible project managers, with regular reporting, forecasting and spend analysis. This project-based cost capture framework provided clear traceability from individual transactions to the relevant activity and supported robust financial governance over the costs included in this application.

Accordingly, the costs presented in this application represent actual costs incurred for these specific activities and recorded within Transgrid's financial systems in connection with the relevant activities.

Consistent with the AER's guideline, Transgrid's audited regulatory accounts provide sufficient independent certification and verification by an appropriately qualified expert of the network support payments and other costs, as required by clause 6A.7.2(c)(3)(i) and (4)(i) of the NER.

Contents

Executive Summary	2
Network support payment allowance	2
Expected system security network support amount	2
Network support pass through amount	2
Approach to capturing costs for this application	4
1. Part A - Non-Network System Security.....	6
1.1. NER requirements for AER's network support pass through decision	6
1.2. Summary of non-network system security pass through event costs incurred	7
1.2.1. Network support payments.....	8
1.2.2. Preparation for minimum level requirements	8
1.2.3. Preparation for efficient level requirements	9
1.2.4. Management of existing contracts	10
1.3. Further information for non-network system security pass through event.....	11
1.3.1. Efficiency of Transgrid's actions.....	11
1.3.2. Other costs incurred ahead of future contracts.....	11
1.3.3. Incremental nature of other costs.....	11
2. Part B – Positive network support events.....	13
2.1. Riverina BESS.....	13
2.2. Broken Hill AGL BESS	14
2.3. Broken Hill Load Banks	16
2.4. Broken Hill Portable Generators	18
3. Attachments.....	21
Compliance Checklist	22
NER requirements for AER's network support pass through decision (system security).....	22
NER requirements for AER's network support pass through decision	23
Confidentiality claims.....	25
Confidentiality template	25
Proportion of confidential material.....	26

1. Part A - Non-Network System Security

During FY2025–26, Transgrid undertook a range of non-network system strength activities necessary to meet its obligations as System Strength Service Provider (SSSP) in New South Wales (NSW). While system security services also include inertia and Network Support and Control Ancillary Services (NSCAS), Part A of this application relates only to system strength services.

Table 2 Key components of actual non-network system security payments and other costs, FY2025-26 (\$m, Jun 2026) shows the actual non-network system security network support payments and other costs incurred in FY2025-26, the expected amount recovered through FY2025-26 transmission pricing, and the resulting negative pass through amount.

Table 2 Key components of actual non-network system security payments and other costs, FY2025-26 (\$m, Jun 2026)

Payment / other cost item	Amount
Network support payments	████
Other costs	3.61
Actual non-network system security payments and other costs	████
Expected system security network support amount recovered through transmission pricing	(22.00)
Adjustment for the time cost of money under clause 6A.7.2(i)(4)	(1.01)
Total [negative] pass through amount for non-network system security, FY2025-26	████

1.1. NER requirements for AER's network support pass through decision

The information required by clause 6A.7.2 of the NER and the AER's guideline is summarised below.

Table 3 Non-network system security - NER requirements for AER's network support pass through decision

NER Factor	Details
Network support event details	The relevant event is a negative network support event resulting from Transgrid's actual non-network system security payments incurred in FY2025–26 being lower than the expected system security network support amount recovered through transmission prices for that year. Lower expenditure compared to the forecast arose as a result of: - Final negotiated pricing with Snowy Hydro was lower than the forecast, which was based on indicative pricing received from the RIT-T Expression of Interest process. - No instances of system security contract enablement by AEMO occurred, which would have triggered variable network support payments in FY2025-26.
Proposed pass through amount	The proposed pass through amount is negative \$████ million. This amount, as set out in Table 2 above and detailed in Section 1.2 below, is limited to system security network support payments and other costs. Transgrid has included the actual FY2025-26 network support payments and other costs incurred to identify, procure and manage non-network system strength services. These costs comprise network support payments to Snowy Hydro

NER Factor	Details
	and other costs associated with non-network activities related to meeting Transgrid's system strength requirements.
Amounts proposed to be recovered from customers in each regulatory year	The amounts proposed to be returned to customers via transmission pricing in each regulatory year are set out in the financial model accompanying this application. In summary, the negative pass through amount will reduce the MAR for the relevant pricing year.
Evidence of actual system security network support payment costs	Transgrid details the actual system security network support payments and other costs incurred in FY2025–26 in section 1.2 below. Actual payments and costs were lower than the expected system security network support amount recovered through transmission prices, resulting in a negative network support event.
Efficiency of Transgrid's actions	Transgrid took reasonable steps to procure and manage non-network system security services efficiently. See section 1.3 below for further information.
Other factors	The further information section 1.3 below explains why the other costs: • are incremental to Transgrid's 2023-2028 revenue determination base operating expenditure allowance; • include pre-contract activities that are necessary and solely as a consequence of a network support event.

1.2. Summary of non-network system security pass through event costs incurred

Transgrid's non-network system security payments and other costs were incurred to meet its obligations as SSSP in NSW. NER S5.1.14 provides that "a Transmission Network Service Provider who is a SSSP must use reasonable endeavours to plan, design, maintain and operate its transmission network, or make system strength services available to AEMO", to meet the following requirements at system strength nodes on its transmission network:

- maintain minimum fault levels specified by AEMO, or the 'minimum-level' requirements to ensure protection systems operate safely; and
- achieve stable voltage waveforms, or the 'efficient-level' requirements to securely host inverter-based resources.

Transgrid's 'Meeting system strength requirements in NSW' RIT-T Project Assessment Conclusions Report (PACR) identified a preferred portfolio of solutions including synchronous condensers across NSW (as network solutions) and the following non-network solution components:

- non-network synchronous machines, including to enable modifications to 650 MW to enable synchronous condenser mode, to fill gaps in system strength where required ahead of and following the installation of Transgrid synchronous condensers (i.e. to meet minimum-level requirements); and
- up to 5 GW of non-network grid-forming BESS to support a stable voltage waveform for future renewables (i.e. to meet the efficient-level requirements).

While Transgrid's system strength PACR identified these solutions, additional planning, procurement, contracting and implementation activities will continue to be required over coming years to secure and operationalise those services over time.

Transgrid's system strength portfolio was recently updated following the publication of a Material Change in Circumstance (MCC) Final Statement which updated the preferred portfolio. Updates included reducing the number of Transgrid's Phase 2 synchronous condensers and expanding the use of non-network solutions to include 900 MW of grid forming batteries for the minimum-level requirements, once technical feasibility is confirmed.

Transgrid incurred network support payments and other costs across the non-network system security activities to meet the minimum-level and efficient-level requirements as summarised in Table 4 and the sections below.

Table 4 Key components of actual non-network system security payments and other costs, FY2025-26 (\$m, Jun 2026)

Payment / other cost item	Amount
Network support payments	■
Other costs component — preparation for minimum-level requirements	1.69
Other costs component — preparation for efficient-level requirements	1.81
Other costs component — management of existing system security contracts	0.11
Other costs total	3.61

Further detail is provided only where relevant to explain the amounts incurred, the contractual arrangements and the efficiency of Transgrid's actions.

1.2.1. Network support payments

Network support payments in FY2025-26 relate to the contract between Transgrid and Snowy Hydro for system strength services procured from the Tumut 3 hydro plant. The AER determined under rule 6A.6.6A(a) that the system security network support payments and payment methodologies would be likely to result in expenditure that is prudent and efficient.

Contract payments in FY2025-26 have been made in accordance with the terms of the executed contract. The executed contract was consistent with the draft contract payment methodology reviewed by the AER, with one minor enhancement to the availability shortfall mechanism. The shortfall multiplier was increased from 1.0 in the draft contract to 1.5 in the executed contract, further reducing payments where Snowy Hydro does not meet its Guaranteed Contract Availability obligations. This change strengthens performance incentives and improves protections for consumers in availability shortfall events.

1.2.2. Preparation for minimum-level requirements

Other costs for minimum-level requirements include:

- costs for the preparation, procurement and execution of the contract with Snowy Hydro for services commencing in December 2025; and
- costs for preparation of services expected to commence from FY2027-28 onwards.

Table 5 provides a breakdown of these other costs between internal and external support costs.

Table 5 Other costs for preparation of minimum-level requirements, FY2025–26 (\$Jun 2026)

Item	\$ millions
Internal costs for preparation of minimum-level requirements	0.43
External costs for preparation of minimum-level requirements	1.26
Total other costs, excluding time value of money	1.69

To secure the Snowy Hydro contract, Transgrid incurred costs for the procurement, commercial, legal, and regulatory activities (including external consultant support) required to negotiate and document the contractual arrangements, establish the payment framework, obtain internal approvals, and prepare the contract payment methodology application for regulatory review. This was the first contract of its kind under the newly established ISF operational framework for system strength and required significant external commercial and legal advisory support to establish a prudent and efficient contractual arrangement.

In support of the AER's determination on the Snowy Hydro payment methodology, Transgrid demonstrated the steps taken during its planning and procurement approach to achieve the lowest reasonably achievable price. The costs claimed were necessary to undertake those activities and achieve the procurement outcome considered by the AER.

In preparation for services expected to commence from FY2027-28, costs incurred included external expert market modelling support to assess future system strength gaps, test key uncertainties and inform future contracting decisions on the location, amount, timing and structure of non-network services. The work considered the timing, location and number of future services required, including additional operating hours from synchronous generators. This work was particularly focused on assessing risks of future coal-unit decommitment behaviour, such as two-shifting, mothballing and economic decommitment, which could materially change the quantity of system strength solutions that must be procured.

This preparation work, including external consultant support where required to complement Transgrid's internal capabilities, provides the basis for identifying future service requirements and supports prudent and efficient contracting decisions.

1.2.3. Preparation for efficient-level requirements

During FY2025-26, Transgrid incurred \$1.81 million (\$Jun 2026) in other costs to plan and procure grid-forming battery energy storage system (BESS) solutions to meet efficient-level system strength requirements from FY2026-27 onwards. These costs were incurred to progress the technical, commercial, legal and procurement activities necessary (including external consultant support where required) to identify suitable non-network system security providers, prepare future contractual arrangements and initiate procurement processes.

A breakdown of these costs is provided in Table 6.

Table 6 Other costs for preparation of efficient-level requirements, FY2025–26 (\$Jun 2026)

Item	\$ millions
Internal costs for preparation of efficient-level requirements	1.26
External costs for preparation of efficient-level requirements	0.54
Total other costs, excluding time value of money	1.81

Transgrid considers these costs prudent and efficient because the work was necessary to translate the efficient-level system strength need into a targeted procurement process for technically suitable grid-forming BESS providers, and to prepare for the operationalisation of these contracts. The main outcome of this work has been the initiation of an initial tranche of procurement with 2GW of shortlisted grid forming battery solutions to meet Transgrid's efficient-level requirements.

The preparation work for the efficient-level requirements included detailed technical modelling, assessment of stable voltage waveform requirements across future scenarios, testing of candidate projects individually and in combination, and development of the procurement, governance and evaluation material needed to progress a tender and negotiations with suitable proponents. The initial tranche of procurement was focused on a shortlist of grid-forming BESS proponents identified through:

- assessment of the latest planning information on efficient-level system strength requirements; and
- detailed technical modelling demonstrating the suitability of candidate projects.

This shortlisting reduced the risk of paying for services that were not required or not technically suitable. For that reason, the costs are part of the work required to translate the identified system strength need into an efficient and deliverable non-network procurement outcome.

1.2.4. Management of existing contracts

Transgrid incurred \$0.11 million (\$Jun 2026) in other costs to administer the Snowy Hydro system services contract. Contract management activities included validation of service delivery, assessment of contractual performance obligations, payment processing, routine contract administration and engagement with Snowy Hydro and AEMO (including in relation to operationalising the contract and related reporting under the newly established, and evolving, ISF operational frameworks). The costs are directly attributable to the contracted provision of system strength services and represent the minimum activities needed to verify service delivery and administer the contract.

Table 7 provides a breakdown of these other costs between internal and external support costs.

Table 7 Other costs for management of existing system security contracts, FY2025-26 (\$m, Jun 2026)

Item	Cost
Internal contract management costs	0.11
External contract management costs	0.00
Total other costs, excluding time value of money	0.11

1.3. Further information for non-network system security pass through event

1.3.1. Efficiency of Transgrid's actions

Transgrid's actions were efficient because the claimed costs relate only to activities necessary to identify, procure, establish and manage non-network system strength services required to meet its obligations as SSSP in NSW. These activities and related costs are set out in detail in section 1.3 below. System strength network support payments were incurred under arrangements previously reviewed by the AER, while the other costs were necessary to identify, procure, establish and manage services required to meet system strength requirements.

Transgrid has not taken, or omitted to take, any action that increased the magnitude of the event. The lower actual cost outcome reflects contract pricing and enablement volumes being below the expected amounts recovered through FY2025-26 transmission prices.

1.3.2. Other costs incurred ahead of future contracts

To meet Transgrid's system strength requirements, other costs have been incurred ahead of future contracts in some cases. Transgrid has included these FY2025-26 other costs on the same basis as they were incurred in the relevant regulatory year and were necessary to progress procurement and contracting for system strength services so they would be available in the year in which they are needed.

While some of the associated services may commence in later years, the claimed costs arose from procurement, planning and contracting activities undertaken in FY2025-26 and therefore represent actual costs incurred as a consequence of the relevant network support event. Inclusion of these costs in this application reflects the period in which the relevant procurement, planning and contracting activities were undertaken and costs incurred, rather than the future commencement date of the associated services.

Inclusion of these costs within this application is consistent with the AER's determination – Powerlink – 2024-25 network support cost pass through¹ where costs incurred in the relevant year were claimed despite related service payments occurring in later years.

1.3.3. Incremental nature of other costs

The other costs claimed are incremental to Transgrid's RP3 base operating expenditure (opex) allowance.

When Transgrid prepared RP3, the NER system strength framework included an automatic Contingent Project Application (CPA) mechanism. Accordingly, RP3 did not assume Transgrid would fund the planning, procurement, commercial, legal and contract management activities required to implement system strength solutions through its base opex allowance. Those costs were expected to be recovered through the applicable CPA mechanism once requirements became known.

The AEMC's ISF rule change Final Determination published in March 2024 established a new operational framework for non-network system strength services. This framework was finalised after RP3, as a result,

¹ AER's determination – Powerlink – 2024-25 network support cost pass through, p 1

the activities giving rise to these costs were not reflected in Transgrid's approved RP3 expenditure allowances.

2. Part B – Positive network support events

2.1. Riverina BESS

In FY2025-26, Transgrid made network support payments under Network Support Agreements with entities controlled by Edify Energy for stability services provided by the Riverina and Darlington Point BESS facilities in South-Western NSW. Those payments give rise to the positive network support event because no allowance for these services was included in Transgrid's 2023-28 revenue determination. The service was selected through the Improving Stability in South-Western NSW RIT-T and supports secure network operation by managing voltage stability risks following credible contingency events.

Transgrid proposes a positive network support pass through amount of \$[REDACTED] million (\$2026). The pass through amount, as summarised in Table 8 below, comprises the FY2025-26 network support payments, other costs and the applicable time value of money adjustment calculated in accordance with clause 6A.7.2 of the NER.

Table 8 Riverina BESS pass through amount, FY2025–26 (\$Jun 2026)

Item	Pass through amount component (\$m)
Network support payments	[REDACTED]
Other costs	0.03
Adjustment for the time cost of money (clause 6A.7.2 (i)(4))	[REDACTED]
Total Positive Pass Through Amount for Riverina BESS FY2025-26	[REDACTED]

The NER required detail to support the AER's decision on this network support event is set out in Table 9 below.

Table 9 Riverina BESS - NER requirements for AER's network support pass through decision

NER Factor	Details
Network support event details	In FY2025-26 a positive network support event occurred as Transgrid made network support payments exceeding the applicable network support payment allowance, which was zero under the 2023-28 revenue determination. Payments were made under the Network Support Agreements with entities controlled by Edify Energy for the provision of stability services from the three Riverina and Darlington Point BESS facilities in South-Western NSW. Transgrid also incurred directly attributable costs associated with administration of the service during FY2025-26.
Eligible pass through amount	The eligible pass through amount is \$[REDACTED], comprising FY2025-26 network support payments of \$[REDACTED], directly attributable other costs of \$0.03m, and a time value of money adjustment in accordance with clause 6A.7.2 of the NER.
Proposed pass through amount	Transgrid proposes a positive network support pass through amount of \$[REDACTED] for Riverina BESS.

NER Factor	Details
Amounts proposed to be recovered from customers in each regulatory year	The amounts proposed to be recovered from customers in each regulatory year are set out in the financial model accompanying this application.
Increase in costs of prescribed transmission services reflective only of the network support costs as a consequence of the network support event	The proposed amount reflects only costs that are directly attributable to the Riverina BESS network support event in FY2025-26, and incremental to BAU costs. It includes the relevant network support payments, directly attributable other costs incurred in administering the contracted service, and the time value of money adjustment.
Efficiency of Transgrid's actions	The AER has previously found that Transgrid likely operated efficiently in its approach to procuring and contracting for stability services in South-Western NSW. Given the benefits established through the RIT-T continue to apply, continuing to make network support payments where contractual requirements are met, should be considered an efficient action by Transgrid.
Other factors	This application has been prepared having regard to the AER's December 2025 determination on Transgrid's FY2024-25 Riverina BESS network support pass through application. In that determination, the AER approved the actual network support payments incurred in the 2024-25 regulatory year but excluded other costs because they were not incurred in the preceding regulatory year during which the positive network support event occurred. This FY2025-26 application therefore claims only amounts incurred during FY2025-26: the relevant network support payments, directly attributable other costs associated with administration of the contracted service, and the applicable time value of money adjustment. This approach preserves the AER's distinction between the event, which is based on network support payments, and the pass through amount, which may also include other costs.

2.2. Broken Hill AGL BESS

In FY2025-26, Transgrid made network support payments for the Broken Hill AGL BESS.

The Broken Hill AGL BESS services were procured as a network support service to support secure and reliable network operation while longer-term reliability and operational arrangements were being progressed. Longer-term approach to addressing the need in the Far West region is being progressed under the Far West Project Priority Network Infrastructure Project (PNIP) under the NSW Electricity Infrastructure Investment Act 2020.²

² For more information on the Broken Hill Far West Project, see Transgrid's website here - <https://www.transgrid.com.au/projects-innovation/far-west-project/>

The Broken Hill AGL BESS service is part of Transgrid's broader efforts to ensure Broken Hill is not reliant on any single back-up power source, an approach supported by the findings of the Parliamentary inquiry into the October 2024 extreme weather event and outage.³

The service operates as a non-network alternative to network augmentation, and, on that basis, payments made under the arrangement fall within the NER definition of a 'network support payment'. This supports treating the FY2025-26 payments as giving rise to a network support event.

The pass through amount, as set out in Table 10 below, comprises FY2025-26 network support availability payments, other costs directly attributable to the development, administration and readiness of the service, and the applicable time value of money adjustment calculated in accordance with clause 6A.7.2 of the NER.

Table 10 Broken Hill AGL BESS pass through amount, FY2025–26 (\$Jun 2026)

Item	Pass through amount component (\$m)
Network support payments	██████████
Other costs	0.10
Adjustment for the time cost of money (clause 6A.7.2 (i)(4))	██████████
Total Positive Pass Through Amount for Broken Hill AGL BESS FY25-26	██████████

The NER required detail to support the AER's decision on this network support event is set out in Table 11 below.

Table 11 Broken Hill AGL BESS - NER requirements for AER's network support pass through decision

NER Factor	Details
Network support event details	In FY2025-26 a positive network support event occurred as Transgrid made network support payments exceeding the applicable network support payment allowance, which was zero under the 2023-28 revenue determination. Transgrid made network support payments associated with the availability of the Broken Hill AGL BESS to provide network support services for the Broken Hill area.
Eligible pass through amount	The eligible pass through amount is \$██████████, comprising FY2025-26 network support availability payments of \$██████████, other costs of \$0.10m, and an adjustment for the time cost of money, calculated in accordance with clause 6A.7.2 of the NER. The other costs comprise technical consultant Generator Performance Standard (GPS) desktop study costs of \$0.06m and internal labour support costs of \$0.04m. The amount excludes costs incurred before FY2025-26, including pre-period contract development and establishment costs.

³ Finding 11 of the NSW Parliamentary inquiry identified that the Broken Hill 'region should not be reliant on any single source of backup power for adequate redundancy in the event the grid is disconnected from the National Electricity Market'.

NER Factor	Details
Proposed pass through amount	Transgrid proposes a positive network support pass through amount of \$[REDACTED] for Broken Hill AGL BESS.
Amounts proposed to be recovered from customers in each regulatory year	The amounts proposed to be recovered via transmission pricing in each regulatory year are set out in the financial model accompanying this application.
Increase in costs of prescribed transmission services reflective only of the network support costs as a consequence of the network support event	The proposed amount reflects only the incremental costs attributable to the Broken Hill AGL BESS positive network support event in FY2025-26. It includes the FY2025-26 network support availability payments, other costs directly attributable to the development, administration and readiness of the service, and the time value of money adjustment. The proposed amount does not include costs incurred outside FY2025-26.
Efficiency of Transgrid's actions	Transgrid's actions were efficient given: • The arrangement was progressed in response to an urgent Broken Hill supply risk and was targeted to the availability of an existing local non-network resource capable of supporting the Broken Hill islanded system. • Direct negotiation with AGL was appropriate given the unique location, connection point and technical characteristics of the Broken Hill AGL BESS, and the need to progress interim availability arrangements while GPS amendment work was undertaken. • Aurecon's desktop studies for GPS due diligence work were necessary to assess the Broken Hill AGL BESS against relevant generator performance standards for islanded Broken Hill operation. • The arrangement was therefore targeted to the only readily available local service capable of addressing the Broken Hill network within the required timeframe, making a broader procurement process unlikely to deliver an efficient equivalent alternative. • Network support payments of \$[REDACTED] during FY2025-26 were made to guarantee availability of the service from AGL. These availability payments were required to reserve firm bidirectional capacity for the provision of network support services when required. No events were triggered during FY2025-26.
Other factors	This application has been prepared having regard to AER feedback on previous network support pass through applications by limiting the proposed amount to amounts incurred in the relevant regulatory year. The event is established by reference to the FY2025-26 network support availability payments, while the proposed pass through amount also includes directly attributable costs and the applicable time value of money adjustment.

2.3. Broken Hill Load Banks

In FY2025-26, Transgrid made network support payments for load bank services required to support reliability and operational capability in the Broken Hill region.

The load bank services were procured as a non-network solution to support secure and reliable network operation while longer-term reliability and operational arrangements were being progressed.

Longer-term approach to addressing the need in the Far West region is being progressed under the Far West Project Priority Network Infrastructure Project (PNIP) under the NSW Electricity Infrastructure Investment Act 2020.

The network support services provided by the Broken Hill Load Banks are part of Transgrid's broader efforts to ensure Broken Hill is not reliant on any single back-up power source, an approach supported by the findings of the Parliamentary inquiry into the October 2024 extreme weather event and outage.

The service operates as a non-network alternative to network augmentation and, on that basis, payments made under the arrangement fall within the NER definition of a 'network support payment'. This supports treating the FY2025-26 payments as giving rise to a network support event.

The proposed pass through amount, as set out in Table 12 below, is limited to amounts attributable to the FY2025-26 Broken Hill Load Banks network support event. It comprises the relevant network support payments and a time value of money adjustment calculated in accordance with clause 6A.7.2 of the NER.

Table 12 Broken Hill Load Banks pass through amount, FY2025–26 (\$June 2026)

Item	Pass through amount component (\$m 2026)
Network support payments	██████████
Adjustment for the time cost of money (clause 6A.7.2 (i)(4))	0.02
Total Positive Pass Through Amount for Broken Hill Load Banks FY2025-26	██████████

The NER required detail to support the AER's decision on this network support event is set out in Table 13 below.

Table 13 Broken Hill Load Banks - NER requirements for AER's network support pass through decision

NER Factor	Details
Network support event details	In FY2025-26 a positive network support event occurred as Transgrid made network support payments exceeding the applicable network support payment allowance, which was zero under the 2023-28 revenue determination. These payments relate to a load bank non-network service procured to support secure and reliable network operation during the relevant period.
Eligible pass through amount	The eligible pass through amount is \$██████████, comprising FY2025-26 network support payments of \$██████████ and a time value of money adjustment in accordance with clause 6A.7.2 of the NER.
Proposed pass through amount	Transgrid proposes a positive network support pass through amount of \$██████████ for the Broken Hill Load Banks.

NER Factor	Details
Amounts proposed to be recovered from customers in each regulatory year	The amounts proposed to be recovered from customers in each regulatory year are set out in the financial model accompanying this application.
Increase in costs of prescribed transmission services reflective only of the network support costs as a consequence of the network support event	The proposed amount is limited to the incremental amount attributable to the Broken Hill load bank network support event in FY2025-26. It includes the relevant network support payments for the load bank services together with a time value of money adjustment.
Efficiency of Transgrid's actions	Transgrid's actions were efficient given: • Urgent action was taken to support reliability in Broken Hill. Alternative options were considered ahead of Transgrid proceeding with the lowest cost available option, minimising consumer cost impacts. With a key consideration being that Transgrid needed an immediately available source of controllable load to support safe and reliable islanded operation of Broken Hill, including in relation to the growth in rooftop solar output. • Urgency meant alternative options including purchase, bespoke procurement or permanent network solution would not have been capable of being specified, procured, delivered, connected and commissioned in time to address need. • The service was procured using established procurement processes and represented the least-cost and lowest-risk option reasonably available in the circumstances. • Network support payments of \$[REDACTED] during FY2025-26 were made to ensure availability of the load banks and for variable operational costs.
Other factors	The service enabled Transgrid to maintain operational capability and reliability outcomes, while ensuring the pass through amount remained limited to efficient network support payments.

2.4. Broken Hill Portable Generators

In FY2025-26, Transgrid made network support payments for portable generation services required to support reliability and operational capability at Broken Hill.

The Broken Hill portable generator services were procured as a non-network solution to support secure and reliable network operation while longer-term reliability and operational arrangements were being progressed.

Longer-term approach to addressing the need in the Far West region is being progressed under the Far West Project Priority Network Infrastructure Project (PNIP) under the NSW Electricity Infrastructure Investment Act 2020.

The network support services provided by the Broken Hill Portable Generators are part of Transgrid's broader efforts to ensure Broken Hill is not reliant on any single back-up power source, an approach supported by the findings of the Parliamentary inquiry into the October 2024 extreme weather event and outage.

The service operates as a non-network alternative to network augmentation and, on that basis, payments made under the arrangement fall within the NER definition of a 'network support payment'. This supports treating the FY2025-26 payments as giving rise to a network support event.

The proposed pass through amount is limited to amounts attributable to the FY2025-26 Broken Hill Portable Generators network support event. It comprises the relevant network support payments, directly attributable other costs associated with administration of the service and the applicable time value of money adjustment calculated in accordance with clause 6A.7.2 of the NER.

Table 14 Broken Hill Portable Generators pass through amount, FY2025–26 (\$June 2026)

Item	Pass through amount component (\$m 2026)
Network support payments	██████████
Other costs	0.37
Adjustment for the time cost of money (clause 6A.7.2 (i)(4))	██████████
Total Positive Pass Through Amount for Broken Hill Portable Generators FY2025-26	██████████

The NER required detail to support the AER's decision on this network support event is set out in Table 15 below.

Table 15 Broken Hill Portable Generators - NER requirements for AER's network support pass through decision

NER Factor	Details
Network support event details	In FY2025-26 a positive network support event occurred as Transgrid made network support payments exceeding the applicable network support payment allowance, which was zero under the 2023-28 revenue determination. These payments relate to a portable generation non-network service required to support reliability.
Eligible pass through amount	The eligible pass through amount is \$██████████, comprising FY2025-26 network support payments of \$██████████, directly attributable other costs associated with administering the portable generation service of \$0.37m, and a time value of money adjustment calculated in accordance with clause 6A.7.2 of the NER.
Proposed pass through amount	Transgrid proposes a positive network support pass through amount of \$██████████ for the Broken Hill Portable Generators.
Amounts proposed to be recovered from customers in each regulatory year	The amounts proposed to be recovered from customers in each regulatory year are set out in the financial model accompanying this application.
Increase in costs of prescribed transmission services reflective only of	The proposed amount is limited to the incremental costs directly attributable to the Broken Hill portable generator network support event in FY2025-26. It includes the relevant network support payments for temporary portable

NER Factor	Details
the network support costs as a consequence of the network support event	generation services and, where applicable, other costs directly attributable to administering those services, together with the time value of money adjustment. It only includes costs directly related to the network support requirement.
Efficiency of Transgrid's actions	Transgrid's actions were efficient given: • At the time the urgent support was required, Transgrid assessed the portable generators as the lowest cost available option and the only practicable option capable of being mobilised and deployed quickly enough to address the Broken Hill reliability need. • Proceeding with a non-network solution instead of a permanent network option or bespoke generation solution that would not have been capable of being procured, transported, installed, tested and made available within the timeframe required to manage the network support event. • The service was procured using established procurement processes and represented the least-cost and lowest-risk option reasonably available in the circumstances. • Network support payments of \$[REDACTED] during FY2025-26 were made to ensure availability of the portable generators and for variable operational and material costs as well as standard associated supplier service charges.
Other factors	The service enabled Transgrid to maintain operational capability and reliability outcomes for customers during the relevant period, while ensuring the pass through amount remained limited to efficient network support payments and directly attributable costs.

3. Attachments

- Attachment 1 – Cost Calculations

Compliance Checklist

NER requirements for AER's network support pass through decision (system security)

The information required by clause 6A.7.2 of the NER and the AER's guideline is summarised below.

Requirement of the NER	Transgrid's response
Is the pass through event a network support event related to a system security network support payment? NER clause 6A.7.2(a), (b) and (c)(4).	Yes. The event is a network support event related to system security network support payments. Actual system security network support payments and other eligible costs for FY2025-26 were lower than the amount recovered through FY2025-26 transmission prices, giving rise to a negative network support event.
Did Transgrid submit its written statement within 60 business days of the end of the previous regulatory year? NER clause 6A.7.2(c).	Yes. Transgrid submitted this application on 22 September 2026, within 60 business days of the end of FY2025-26.
Did Transgrid specify the details of the network support event, including whether it is a negative or positive network support event? NER clause 6A.7.2(c)(1).	Yes. The event is a negative network support event for non-network system security. It reflects the difference between actual FY2025-26 system security network support payments and other eligible costs, and the \$22.0 million expected amount recovered through FY2025-26 transmission pricing.
Did Transgrid specify the amount proposed to be passed through to Transmission Network Users? NER clause 6A.7.2(c)(2).	Yes. Transgrid proposes a negative network support pass through amount of \$ [REDACTED] (\$ June 2026), to be reflected in FY2027-28 transmission prices as part of the net application amount.
Did Transgrid provide evidence of the actual costs of system security network support payments, including certification by an independent and appropriately qualified expert? NER clause 6A.7.2(c)(4)(i).	Yes. The application and supporting financial model identify the actual system security network support payments and other eligible costs incurred in FY2025-26. The application is supported by independent certification of the relevant payment and cost information.
What must the AER take into account for a system security network support payment? NER clause 6A.7.2(i)(3A).	The AER must take into account the total costs for system security network support payments incurred in the preceding regulatory year, the efficiency of Transgrid's decisions and actions in relation to the risk of the event, and any applicable AER determination under clause 6A.6.6A.
Has Transgrid addressed the time cost of money? NER clause 6A.7.2(i)(4).	Yes. Transgrid has applied a time value of money adjustment based on the allowed rate of return for the relevant regulatory control period.
Has Transgrid ensured recovery is limited to actual incremental costs solely attributable to the network support event? NER clause 6A.7.2(i)(5).	Yes. Transgrid has identified only those payments and other eligible costs that are directly attributable to non-network system security activities and has netted those amounts against the \$22.0 million already recovered through FY2025-26 transmission prices.

NER requirements for AER's network support pass through decision

Requirement of the NER	Transgrid's response
Is the pass through event a network support event? NER clause 6A.7.2(a) and (b).	Yes. Each of the Riverina BESS, Broken Hill AGL BESS, Broken Hill Load Banks and Broken Hill Portable Generators events is a positive network support event. Transgrid incurred network support payments for those services in FY2025-26, and the approved network support payment allowance for these payments was zero.
Did Transgrid submit its written statement within 60 business days of the end of the previous regulatory year? NER clause 6A.7.2(c).	Yes. Transgrid submitted this application on 22 September 2026, within 60 business days of the end of FY2025-26.
Did Transgrid specify the details of the network support event, including whether it is a positive network support event? NER clause 6A.7.2(c)(1).	Yes. The events are positive network support events for network support payments associated with Riverina BESS, Broken Hill AGL BESS, Broken Hill Load Banks and Broken Hill Portable Generators during FY2025-26.
Did Transgrid specify the amount proposed to be passed through to Transmission Network Users? NER clause 6A.7.2(c)(2).	Yes. Transgrid proposes positive network support pass through amounts of \$[REDACTED] for Riverina BESS, \$[REDACTED] for Broken Hill AGL BESS, \$[REDACTED] for Broken Hill Load Banks and \$[REDACTED] for Broken Hill Portable Generators (\$ June 2026). These amounts comprise FY2025-26 network support payments and other eligible costs, plus the applicable time value of money adjustment.
Did Transgrid provide evidence of the actual increase in network support payments, including certification by an independent and appropriately qualified expert? NER clause 6A.7.2(c)(3)(i).	Yes. The application and supporting financial model identify the actual network support payments incurred in FY2025-26 for Riverina BESS, Broken Hill AGL BESS, Broken Hill Load Banks and Broken Hill Portable Generators. The application is supported by independent certification of the relevant payment information.
Did Transgrid provide evidence that the amounts occurred solely as a consequence of the positive network support event? NER clause 6A.7.2(c)(3)(ii).	Yes. The claimed amounts relate to payments and directly attributable costs arising from the Riverina BESS, Broken Hill AGL BESS, Broken Hill Load Banks and Broken Hill Portable Generators network support events and are not otherwise recovered through the network support payment allowance.
What must the AER take into account for a positive network support event? NER clause 6A.7.2(i)(1), (2) and (3).	The AER must take into account the matters and proposals in Transgrid's application, the increase in costs in the provision of prescribed transmission services incurred in the preceding regulatory year, and the efficiency of Transgrid's decisions and actions in relation to the risk of the event.
Has Transgrid addressed the time cost of money? NER clause 6A.7.2(i)(4).	Yes. Transgrid has applied a time value of money adjustment based on the allowed rate of return for the relevant regulatory control period.
Has Transgrid ensured recovery is limited to actual incremental costs solely attributable to the network	Yes. Transgrid has limited each claim to actual payments and directly attributable costs arising solely from the relevant

Requirement of the NER	Transgrid's response
support event? NER clause 6A.7.2(i)(5).	network support event, plus the applicable time value of money adjustment.
Are any other factors relevant? NER clause 6A.7.2(i)(6).	Transgrid does not consider that any other factors materially affect the AER's assessment of the Riverina BESS, Broken Hill AGL BESS, Broken Hill Load Banks or Broken Hill Portable Generators positive network support events.

Confidentiality claims

Confidentiality claims

Title, page, paragraph number containing the confidential information	Description of the confidential information	Topic the confidential information relates to	Confidentiality category	Brief explanation as to why the information falls into the category	How and why detriment would be caused from disclosing the information	Why the detriment is not outweighed by the public benefit
Network Support Pass Through Application 2025-26 Executive summary, p3 Table 1. Part A p6 Tables 2 and 3, p8 Table 4. Part B p13, Table 8, pp15-16 Tables 10 and 11, p17 Tables 12 and 13, p19 Tables 14 and 15. Pp22-23 Compliance Checklist	The pricing of contractual network support payments and details of some other cost activities are commercial-in-confidence. Total costs and the adjustment for the time cost of money have also been redacted to prevent back-solving.	Contractual payments (i.e. network support payments and related other costs such as legal or consultant fees)	Market sensitive cost inputs	Providing market pricing is likely to put at risk any future competitive tender processes related to network and system security support contracts.	Future procurement could attract fewer participants if Transgrid is not seen as respectful of confidentiality during or following negotiation. If pricing were disclosed, these parties could be placed at a potential disadvantage, and Transgrid and consumers could pay more in future tenders due to reduced competition.	There is no identifiable benefit from disclosing these costs

Title, page, paragraph number containing the confidential information	Description of the confidential information	Topic the confidential information relates to	Confidentiality category	Brief explanation as to why the information falls into the category	How and why detriment would be caused from disclosing the information	Why the detriment is not outweighed by the public benefit
Network Support Pass Through Application 2025-26 Attachment 1 ('NSA Calculations'), all sheets.	The pricing of contractual network support payments and details of some other cost activities are commercial-in-confidence. Total costs for individual elements of this Application and the adjustment for the time cost of money have also been redacted to prevent back-solving.	Contractual payments (i.e. network support payments and related other costs such as legal or consultant fees).	Market sensitive cost inputs	Providing market pricing is likely to put at risk any future competitive tender processes related to network and system security support contracts.	Future procurement could attract fewer participants if Transgrid is not seen as respectful of confidentiality during or following negotiation. If pricing were disclosed, these parties could be placed at a potential disadvantage, and Transgrid and consumers could pay more in future tenders due to reduced competition.	There is no identifiable benefit from disclosing these costs

Proportion of confidential material

Network support payments and other costs that have been redacted are identified above and cover 37% of the pages in this document. Some subtotalled amounts must also be redacted to prevent back-solving. This means that 100% of the sheets in Attachment 1 also have redacted cells.

Submission title	Number of pages of submission that include information subject to a confidentiality claim	Number of pages of submission that do not include information subject to a confidentiality claim	Total number of pages of submission	Percentage of pages of submission that include information subject to a claim of confidentiality	Percentage of pages of submission that do not include information subject to a claim of confidentiality
Network Support Pass Through Application FY2025-26	10	17	27	37%	63%
Network Support Pass Through Application 2025-26 Attachment 1 NSA Calculations	6	0	6	100%	0%