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AUSTRALIAN ENERGY REGULATOR

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18 November 2026

Nadine Lennie
Chief Financial Officer
Transgrid
180 Thomas St
Sydney, NSW 2000

Danny Benjamin
Executive General Manager
Delivery & Commercial
VicGrid
PO Box 500,
East Melbourne, VIC 8002

Dear Nadine and Danny,

Re: VNI West – material change in circumstances

Thank you for your letter of 23 September 2026 advising that in the joint opinion of Transgrid and VicGrid, a material change in circumstances (MCC) had occurred in relation to the VNI West project under clause 5.16A of version 202 of the National Electricity Rules (NER).

Your letter also advises that in your joint opinion the MCC does not alter the preferred option identified in the May 2023 Project Assessment Conclusions Report (PACR). Option 5a therefore remains the preferred option.

Version 202 of the NER, clause 5.16A.4(n) provides that in certain circumstances the regulatory investment test for transmission (RIT-T) proponent must re-apply the RIT-T unless otherwise determined by the AER. This requirement activates after the PACR has been published, either where there is a change in the identified need for the project identified in an Integrated System Plan (ISP), or where there has been an MCC which, in the reasonable opinion of the RIT-T proponent, means the preferred option identified in the PACR is no longer the preferred option.[1] As these circumstances have not been shown to have arisen, there is no requirement to reapply the RIT-T and the AER will not be exercising its role in making a determination under clause 5.16A.4(n) at this stage.

We would normally assess whether the requirement to assess any material changes and reapply the RIT-T has been met at the time of a decision on revenue for the project, which may be for the purposes of assessing a contingent project application to which the trigger event set out in clause 5.16A.5 of the NER applies.

While that is the case, we note the early identification of any emerging issues would support the timely completion of regulatory processes and may reduce regulatory burden. Therefore, we would like to continue to work with Transgrid and VicGrid to understand how any changes in circumstances may affect the project and how evidence and analysis supports their opinion on whether the preferred option has changed.

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1 NER v202 cl. 5.16A.4(n)(2)(i)

If you have any other questions on this process, please send any additional correspondence to the system planning regulation inbox at systemplanningregulation@aer.gov.au.

Yours sincerely



Anh Mai
Executive General Manager, Network Regulation