

## Questions for TNSPs

The purpose of these questions is to understand the arrangements under which TNSPs currently operate and so the impact of potentially requiring TNSPs to:

- Legally separate transmission services from other services
- Functionally separate contestable services from non-contestable services.

We are also seeking to understand the current leasing and cost sharing arrangements for any batteries that TNSPs have invested in.

AER question	TNSP response
<b>Services</b>	
What services are currently provided with the same legal entity that is responsible for providing prescribed transmission services? Be as detailed as possible.	AusNet Transmission Group Pty Ltd, ABN 48 116 124 362 ( <b>AusNet Transmission Group</b> ), provides prescribed transmission services and all other related services including contestable negotiated and unregulated. Our corporate structure is at Attachment 1.
Are any of these services being provided under the 5% revenue cap? If so, what is the value of those services? What processes do you have in place to ensure that the revenue earned from those services does not exceed the 5% cap?	No services are provided under the 5% revenue cap. If the transmission ring-fencing guideline moves to a services-based approach, we will develop a process to ensure that the revenue earned from those services does not exceed the revenue cap.
What other legal entities is the TNSP affiliated with and what services do they provide?	Please refer to material submitted as part of our recent TRR proposal 'ASG - GAAR - Related Parties - 13 July 2022 – CONFIDENTIAL', noting that from 16 February 2022 there was a change in ownership which changed our corporate structure. Our current corporate structure is outlined in Attachment 1.
<b>Separation</b>	
Do the affiliated entities share the same office and/or staff?	Mondo Power and the AusNet Transmission share the same office. Staff in these areas have a different focus, so there is no meaningful interrelationship between the two.
What policies and processes do you have in place to restrict the flow of confidential information between: <ul style="list-style-type: none"> <li>• Staff involved in contestable and non-contestable transmission services?</li> </ul>	Please refer to our response to question 9 from the AER's ring-fencing Guideline Electricity Transmission, Issues Paper.

<ul style="list-style-type: none"> <li>• Staff involved in transmission services and those involved in the provision of other services?</li> </ul>	
<b>Batteries (if relevant)</b>	
<p>Does the TNSP own, operate and/or control a battery? If so, what services does the TNSP use the battery to provide?</p>	<p>We own the Ballarat Energy Storage System (BESS). This is a 30MW/30MWhr battery. This was Victoria’s first utilities scale grid-connected battery. It was integrated into the electrical grid in 2018. It is a non-regulated asset.</p> <p>Importantly, the capacity provided by BESS (both charge and discharge) is leased to a NEM market participant who, in turn, provides capacity into the NEM energy and ancillary services markets. This arrangement facilitates full utilisation of the BESS while also demonstrating the ability of new technologies to be successfully integrated into the energy network. Importantly, as we have no role in how or when the BESS participates in the energy and ancillary services markets, we have no scope to influence those markets.</p> <p>The current arrangements for BESS are working well, and our role as asset owner does not impact competition. We would welcome the AER outlining any specific concerns it has with these arrangements.</p>
<p>Is the battery leased to an affiliate or third party? If so, what services does the affiliate or third party provide?</p>	<p>BESS is leased. It provides capacity into the NEM energy and ancillary services markets. Importantly, AusNet has no role in how or when the BESS participates in the energy and ancillary services markets.</p>
<p>How are costs shared between the TNSP and the leasee, including capex and opex? What proportion of the battery is in the RAB?</p>	<p>BESS capex was initially funded by AusNet and the Victorian Government.</p> <p>Ongoing opex costs are borne by AusNet.</p> <p>Energy Australia pays an ongoing lease fee to operate the asset.</p> <p>As a non-regulated asset, BESS is not in the RAB.</p> <p>Additional information on BESS is available at:  <a href="https://www.ausnetservices.com.au/en/About/Projects-and-Innovation/Battery-Storage">https://www.ausnetservices.com.au/en/About/Projects-and-Innovation/Battery-Storage</a> and  <a href="https://arena.gov.au/projects/ballarat-energy-storage-system/">https://arena.gov.au/projects/ballarat-energy-storage-system/</a></p>

# Attachment 1: AusNet Group corporate structure from 16 February 2022

