



*Attachment 12*

# Pass Through Events

## Revenue Proposal 2023-24 to 2027-28

31 JANUARY 2022

## Company Information

ElectraNet Pty Ltd (ElectraNet) is the principal electricity transmission network service provider (TNSP) in South Australia.

For information about ElectraNet visit [www.electranet.com.au](http://www.electranet.com.au).

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## Note

This attachment forms part of our Revenue Proposal for the 2023-24 to 2027-28 regulatory period. It should be read in conjunction with the other parts of the Revenue Proposal.

Our Revenue Proposal comprises the overview and attachments listed below, and the supporting documents that are listed in Attachment 14:

- Revenue Proposal Overview
- Attachment 1 – Maximum allowed revenue
- Attachment 2 – Regulatory asset base
- Attachment 3 – Rate of return
- Attachment 4 – Regulatory depreciation
- Attachment 5 – Capital expenditure
- Attachment 6 – Operating expenditure
- Attachment 7 – Corporate income tax
- Attachment 8 – Efficiency benefit sharing scheme
- Attachment 9 – Capital expenditure sharing scheme
- Attachment 10 – Service target performance incentive scheme
- Attachment 11 – Pricing methodology
- Attachment 12 – Pass through events (this document)
- Attachment 13 – Demand Management Innovation Allowance
- Attachment 14 – List of supporting documents

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## 12. Pass Through Events

### 12.1 Key points

- Clauses 6A.6.9 and 6A.7.3 of the Rules allow the AER to approve the pass through of additional material costs imposed on us by identified events beyond our control. This provides an efficient risk management framework for unlikely, but potentially costly events and protects customers from the need to include such costs in our allowances.
- We are nominating six pass through events in accordance with clause 6A.7.3 of the Rules. Of these six pass through events, four are existing pass throughs that are either substantially unchanged from existing approved pass through events or they replace existing approved pass through events. The remaining two respond to new cost events that have emerged.
- These proposed pass through events are informed by engagement with our Consumer Advisory Panel Working Group in which we explored the appropriate risk sharing balance between customers and the business and sought opportunities to reduce our costs, including through the use of pass through provisions.
- The four existing pass through events are:
  - Insurance coverage event, which replaces ‘insurance cap event’;
  - Insurer credit risk event;
  - Natural disaster event; and
  - Terrorism event.
- The newly proposed pass through events are
  - Renewable Energy Zone (REZ) design report event, which provides cost recovery for the preparation of REZ design reports in accordance with a new planning Rule that was introduced in May 2021; and<sup>1</sup>
  - System strength services event, which provides for timely recovery of system strength service costs.
- In preparing these proposals, we have had regard to the *nominated pass through event considerations*, which include whether:
  - the event proposed is an event covered by an existing pass through event specified in clause 6A.7.3(a1)(1) to (4);
  - the nature or type of event can be clearly identified at the time the determination is made for the service provider;
  - whether a prudent service provider could reasonably prevent an event of that nature or type from occurring or substantially mitigate the cost impact of such an event; and
  - whether the relevant service provider could insure against the event.
- Each of the nominated pass through events will promote appropriate risk sharing arrangements and, therefore, the long term interests of our customers.

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<sup>1</sup> National Electricity Amendment (Renewable energy zone planning) Rule 2021.

## 12.2 Introduction

The pass through provisions set out in clauses 6A.6.9 and 6A.7.3 of the Rules enable us to recover (or pass back to customers) materially higher (or lower) costs in providing prescribed transmission services if an identified 'pass through event' occurs.

In accordance with the Rules requirements, this attachment sets out our proposals for the following nominated pass through events:

- Insurance coverage event;
- Insurer credit risk event.
- Natural disaster event;
- Terrorism event;
- REZ design report event; and
- System strength services event.

The basis for nominating these events, and their proposed definitions, are set out in the remaining sections of this attachment. Each section explains the rationale for nominating the pass through event and the risk mitigation measures we take to minimise the likelihood of its occurrence and its cost impact wherever possible.

These nominated pass through events apply in addition to the following pass through events, which are built into clause 6A.7.3(a1) of the Rules:

- a regulatory change event;
- a service standard event;
- a tax change event;
- an insurance event;
- an inertia shortfall event; and
- a fault level shortfall event.

## 12.3 Insurance coverage event

### 12.3.1 Definition

We nominate an 'Insurance coverage event' as a pass-through event for the 2023-24 to 2027-28 regulatory period. Our proposed definition is as follows:

An Insurance coverage event occurs if:

1. ElectraNet
  - a) makes a claim or claims and receives the benefit of a payment or payments under a relevant insurance policy or set of insurance policies; or
  - b) would have been able to make a claim or claims under a relevant insurance policy or set of insurance policies but for changed circumstances; and
2. ElectraNet incurs costs:
  - a) beyond a relevant policy limit for that policy or set of insurance policies; or
  - b) that are unrecoverable under that policy or set of insurance policies due to changed circumstances; and
3. The costs referred to in paragraph 2 above materially increase the costs to ElectraNet in providing prescribed transmission services.

For the purposes of this insurance coverage event:

'changed circumstances' means movements in the relevant insurance market since the acquisition of the insurance policy or set of insurance policies that applied during the majority of ElectraNet's base year and that are beyond the reasonable control of ElectraNet, where those movements result in it no longer being prudent or efficient for ElectraNet to take out with a reputable insurer:

- i. a relevant insurance policy; or
- ii. in the case of a set of insurance policies, one or more layers of insurance within that set (or there are otherwise one or more gaps within the set), either at all or on commercial terms reasonable to ElectraNet

either at all or on commercial terms reasonable to ElectraNet.

'costs' means the costs, including the costs of cyber attacks, that would have been recovered under the insurance policy or set of insurance policies had:

- iii. the limit not been exhausted;
- iv. those costs not been unrecoverable due to changed circumstances.

A 'relevant insurance policy' or 'set of insurance policies' is an insurance policy or set of insurance policies held during the regulatory control period or a previous regulatory control period in which ElectraNet was regulated; and

- i. ElectraNet will be deemed to have made a claim on a relevant insurance policy or set of insurance policies if the claim is made by a related party of ElectraNet in relation to any aspect of ElectraNet's network or business; and
- ii. ElectraNet will be deemed to have been able to make a claim on a relevant insurance policy or set of insurance policies if, but for changed circumstances, the claim could have been made by a related party of ElectraNet in relation to any aspect of ElectraNet's network or business.

Note for the avoidance of doubt, in assessing an insurance coverage event through application under rule 6A.7.3(j), the AER will have regard to:

- i. the relevant insurance policy or set of insurance policies for the event;
- iii. the level of insurance that an efficient and prudent TNSP would obtain, or would have sought to obtain, in respect of the event;
- iv. any information provided by ElectraNet to the AER about ElectraNet's actions and processes; and
- v. any guidance published by the AER on matters the AER will likely have regard to in assessing any insurance coverage event that occurs.

### 12.3.2 Rationale

This pass-through event is a prudent and efficient way to mitigate the risk that we incur material costs because of changed insurance market conditions. These losses may arise because commercial insurance cover for previously insured events may either become unavailable or may only be available at a prohibitively high cost. In the absence of a cost pass through provision, it would be necessary to set aside an additional annual insurance allowance to address this risk. In that case, our customers would bear additional costs regardless of whether a loss occurs.

A pass-through provision is the appropriate mechanism for sharing this risk with customers, while providing us with a reasonable opportunity to recover our efficient costs. The insurance coverage event recognises that insurance market conditions are outside our control, and that material cost impacts may arise if insurance cover can no longer be obtained on reasonable commercial terms.

The definition of insurance coverage event set out in Section 12.3.1 above is broadly consistent with that contained in the AER's recent draft decision for AusNet Services and Powerlink, other than that:

- We have amended the reference to 'relevant insurance liability market' to remove the reference to 'liability' because this implies that the pass through is limited to events relating to ElectraNet's liability insurance cover. As we understand it, the purpose of the insurance coverage event is to recognise the potential cost consequences if previously insured events can no longer be insured with respect to any insurance policy or set of insurance policies held by ElectraNet during the regulatory control period.
- We have made it clear that some insurance policies of this kind consist of layers, and that a change of circumstances might affect one or more of the layers that make up an insurance policy held by ElectraNet during the relevant regulatory control period.
- We have included additional words to clarify that the term 'costs' is defined to include the costs of cyber attacks. Consistent with our engagement with the CAP Working Group, the effect of this change is to confirm that cyber insurance is within the ambit of the insurance coverage event, noting that ElectraNet currently holds cyber insurance but the ability to do so into the future remains uncertain.

These changes eliminate uncertainty regarding the intended scope of the insurance coverage event. We note that such clarification is in the interests of all parties, including electricity customers.

### 12.3.3 Risk mitigation

We understand the complementary nature of commercial insurance coverage, self-insurance, and pass-through events, ensuring that we have an optimal blend of cover. As an efficient and prudent network business, we set our insurance limits based on credible risk-based scenario analysis, worst foreseeable loss studies, asset values, industry benchmarks and professional broker advice.



In addition to minimising the total costs of insurance, we will always take appropriate action to mitigate risk. These actions include the implementation of effective risk mitigation measures and the effective management of residual risk by responding in a timely and efficient manner to minimise losses. This is supported more broadly by our risk-based approach to asset management across our network.

## 12.4 Insurer credit risk event

### 12.4.1 Definition

We nominate an 'Insurer Credit Risk event' as a pass-through event for the 2023-24 to 2027-28 regulatory period. Our proposed definition is as follows:

An insurer credit risk event occurs if an insurer of ElectraNet becomes insolvent, and as a result, in respect of an existing or potential claim for a risk that was insured by the insolvent insurer, ElectraNet:

- a) is subject to a higher or lower claim limit or a higher or lower deductible than would have otherwise applied under the insolvent insurer's policy; or
- b) incurs additional costs associated with funding an insurance claim, which would otherwise have been covered by the insolvent insurer.

Note: in assessing an insurer credit risk event pass through application, the AER will have regard to, amongst other things:

- i. ElectraNet's attempts to mitigate and prevent the event from occurring by reviewing and considering the insurer's track record, size, credit rating and reputation; and
- ii. in the event that a claim would have been covered by the insolvent insurer's policy, whether ElectraNet had reasonable opportunity to insure the risk with a different provider.

### 12.4.2 Rationale

We have significant insurance coverage and hence an insurer not being able to pay all, or part, of a claim could materially affect us.

Although we mitigate this risk to the best of our ability, the insolvency of one or more of our insurers is an event that is outside our control. Hence, we believe that a pass through mechanism is currently the most appropriate regulatory approach for addressing the costs arising from an insurer becoming insolvent.

The event definition set out in Section 12.4.1 above wording is consistent with the AER's recent draft decision for AusNet Services, and therefore reflects our understanding of the AER's preferred drafting.

### 12.4.3 Risk mitigation

We set minimum requirements for the credit grading of participating underwriters at A minus (A-) with Standard and Poor's, or equivalent. We also manage risk through appropriate vertical and horizontal apportionment across our policies both domestically and internationally. This is supported by appropriate due diligence activities by us and our Brokers.

## 12.5 Natural disaster event

### 12.5.1 Definition

We nominate a 'Natural Disaster Event' as a pass-through event for the 2023-24 to 2027-28 regulatory period. Our proposed definition is as follows:

Natural disaster event means any natural disaster including but not limited to cyclone, fire, flood or earthquake that occurs during the 2023-24 to 2027-28 regulatory control period that changes the costs to ElectraNet in providing prescribed transmission services, provided the cyclone, fire, flood, earthquake or other event was:

- a) a consequence of an act or omission that was necessary for the service provider to comply with a regulatory obligation or requirement or with an applicable regulatory instrument; or
- b) not a consequence of any other act or omission of the service provider.

Note: In assessing a natural disaster event pass through application, the AER will have regard to, amongst other things:

- i. whether ElectraNet has insurance against the event; and
- ii. the level of insurance that an efficient and prudent NSP would obtain in respect of the event.

### 12.5.2 Rationale

The above definition of a Natural Disaster Event is unchanged from the current arrangements, and the rationale remains the same. The proposed wording is consistent with the AER's most recent draft decision (for AusNet Services), and therefore reflects our understanding of the AER's preferred drafting.

### 12.5.3 Risk mitigation

Natural disaster events, by definition, cannot be prevented or avoided. ElectraNet employs a range of strategies to minimise and mitigate the exposure of South Australia's transmission network to natural disasters. These include technical preventative measures such as minimum design standards to withstand seismic, flood and fire (and other natural catastrophes) along with risk transfer (insurance cover) for certain assets.

For assets such as towers and lines, the exposure to natural disasters is reduced as far as reasonably practicable through design standards and the meshed nature of the network.

Due to South Australia's geographic and demographic composition, beyond localised events, there are exposures to extreme events that a prudent and efficient NSP is unable to eliminate or insure against. Risk transfer (insurance) is not commercially available to ElectraNet for towers and lines.

## 12.6 Terrorism event

### 12.6.1 Definition

We nominate a 'Terrorism event' as a pass-through event for the 2023-24 to 2027-28 regulatory period. Our proposed definition is as follows:

A terrorism event means an act (including, but not limited to, the use of force or violence or the threat of force or violence) of any person or group of persons (whether acting alone or on behalf of or in connection with any organisation or government), which:

1. from its nature or context is done or appears to be done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons (including the intention to influence or intimidate any government and/or put the public, or any section of the public, in fear); and
2. changes the costs to ElectraNet in providing prescribed transmission services.

Note: In assessing a terrorism event pass through application, the AER will have regard to, amongst other things:

- i. whether ElectraNet has insurance against the event;
- iii. the level of insurance that an efficient and prudent NSP would obtain in respect of the event; and
- iv. whether a declaration has been made by a relevant government authority that a terrorism event has occurred.

### 12.6.2 Rationale

This pass-through event is a prudent and efficient way to mitigate the risk that we incur material costs arising from a terrorism event because:

- The nature of a terrorism event is such that the associated costs are highly uncertain and extremely difficult to forecast with a reasonable degree of accuracy.
- The nature and type of the event can be clearly identified at the time of our determination.
- The extent to which we can reasonably prevent a terrorism event from occurring and/or can substantially mitigate the cost impacts of such an event is limited. That said, we have a range of measures in place which are intended to protect against acts of terrorism, and mitigate the impacts of an event should one occur.
- The relative infrequency and potentially very high costs of terrorism events create significant practical challenges to self-insure for such events. A pass-through mechanism provides a more appropriate arrangement for managing the cost impacts in the unlikely event that a terrorism event causes a material increase in our costs.
- Many insurance policies have terrorism exclusions which describe excluded terrorist acts in much broader terms than contained within the *Terrorism Insurance Act 2003* (TIA). It is therefore appropriate that a pass-through event provides a complementary form of cost recovery.

A pass-through mechanism has the advantage of allowing the AER to evaluate the efficient costs arising from a terrorism event after it occurs. A pass-through mechanism therefore avoids the need to make a prior allowance for the expected costs of a terrorism event.

The event definition set out in Section 12.6.1 above is consistent with the wording contained in the AER's most recent draft decision for AusNet Services.

### 12.6.3 Risk mitigation

We will manage terrorism risk with a primary focus on key assets and critical infrastructure. We also participate in the Australian Reinsurance Pool Corporation (ARPC) under the *Terrorism Insurance Act 2003*.

## 12.7 REZ design report event

### 12.7.1 Definition

We nominate a 'REZ Design Report event' as a pass-through event for the 2023-24 to 2027-28 regulatory period. Our proposed definition is as follows:

A REZ design report event occurs if:

- a) ElectraNet is required to commence preparation of one or more REZ design reports during the 2023-27 to 2027-28 regulatory control period in accordance with clause 5.24.1(b) of the National Electricity Rules; and
- b) ElectraNet will incur increased costs in preparing one or more REZ design reports.

For the purpose of this event, the eligible pass through amount is the actual cost incurred by ElectraNet in preparing the REZ design reports in one or more regulatory years and is not subject to a materiality threshold.

Note: in assessing a REZ design report event pass through application, the AER will have regard to, amongst other things:

- i. the need to ensure that ElectraNet has a reasonable opportunity to recover the total efficient costs of preparing REZ design reports; and
- vi. the urgency of the request to complete the design report or reports.

### 12.7.2 Rationale

In May 2021, new planning Rules developed by the Energy Security Board (ESB) were passed into law. Under these Rules, as part of its ISP, AEMO may trigger a requirement for ElectraNet to prepare a REZ design report. REZ design reports must include:

- proposed designs;
- construction route;
- cost estimates;
- consideration of non-network alternatives; and
- a community impact assessment to give local people opportunities to put forward relevant information.

In effect, the REZ design report involves an extensive planning exercise. This is likely to require a substantial one off effort over and above the day to day network planning activity which, as discussed in Attachment 6, is expected to increase appreciably following recent Rule changes<sup>2</sup>

Ultimately the capital cost of constructing any future REZ, if approved, would likely be recovered through the contingent project mechanism as discussed in Attachment 5.

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<sup>2</sup> We have included within our Rule change 'step change' in our operating expenditure forecasts a small provision to account for the recurrent costs associated with these new Rules requirements.

In developing its final recommendations for a Rule change, the ESB made the following observations regarding the costs of preparing a REZ design report, which highlight the substantial costs involved:<sup>3</sup>

*“The cost of preparing a REZ design report is likely to be less than \$20 million for a large, complex REZ, and less than \$10 million for a smaller project. However, the majority of these costs would be incurred in any event under the existing transmission planning framework. The ESB estimates that the incremental costs associated with the recommended Rule changes are likely to be less than \$5 million per REZ.*

*Given the need to coordinate with other parties to deliver an efficient solution, and the fact that that the REZ may involve investment worth billions of dollars (when both transmission and generation costs are taken into account), the additional costs of enhanced planning are amply justified.”*

In relation to cost recovery, the ESB made the following comments:<sup>4</sup>

*“The ESB recommends the following approach to cost recovery:*

*For known REZ design reports at the time of the revenue determination – the efficient costs of REZ design would be considered by the AER when it assesses the operating expenditure allowance as part of a revenue determination;*

*For REZ design reports not known at the time of the revenue determination – the existing cost pass through framework could be used to nominate unanticipated REZ design reports as a category of pass through event for a revenue determination.”*

In preparing our operating expenditure forecasts for the 2023-24 to 2027-28 regulatory period, we have not included any allowance for the cost of preparing REZ design reports, as no reports are currently required in a final ISP. It is reasonably likely, however, that AEMO will require one or more REZ design reports to be completed during the 2023-24 to 2027-28 regulatory period. In accordance with the ESB’s recommendations, therefore, we have nominated a cost pass through event to enable cost recovery if one or more REZ design reports are required.

As it is entirely AEMO’s decision to require a REZ design report (and such a decision will be made in the interests of customers), we consider it appropriate that the cost recovery arrangements are not subject to a materiality threshold. This approach ensures that:

- ElectraNet has a reasonable opportunity to recover the efficient costs of providing a REZ design report, consistent with the revenue and pricing principles in the National Electricity Law; and
- Any perverse incentive to incur additional costs in order to exceed the materiality threshold are avoided. While ElectraNet would not respond to such incentives, it is preferable to avoid such distortions under the regulatory framework in the interests of customers.

In our view, the nomination of a REZ design report event will promote efficient outcomes for customers by providing appropriate cost recovery arrangements that recognise the uncertainty regarding the likely future costs of preparing these reports.

### 12.7.3 Risk mitigation

As the decision to prepare a REZ design report is the responsibility of AEMO, we have no control over whether one or more reports will be required during the 2023-27 to 2027-28 regulatory period.

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<sup>3</sup> Energy Security Board, Renewable Energy Zones Planning, Final Recommendations, February 2021, p.23.

<sup>4</sup> Energy Security Board, Renewable Energy Zones Planning, Final Recommendations, February 2021, p.16.

Nevertheless, if AEMO requests a REZ design report we intend to undertake the required work as efficiently as possible in accordance with the Rules requirements.

## 12.8 System strength services

### 12.8.1 Definition

We nominate a 'System Strength Service event' as a pass-through event for the 2023-24 to 2027-28 regulatory period. Our proposed definition is as follows:

A system strength service event occurs if ElectraNet:

- a) signs or intends to sign a contract or contracts for system strength services to be made available or provided in ElectraNet's capacity as a System Strength Service Provider to satisfy an obligation under clause 5.20C.3 of the National Electricity Rules;
- b) the amount paid or to be paid for those system strength services in a regulatory year is more than 1% of the maximum allowed revenue for that regulatory year; and

the system strength services are made available or provided in accordance with applicable technical specifications and performance standards approved by AEMO.

Note: in assessing a system strength service pass through application, the AER will have regard to, amongst other things:

- i. the need to ensure that ElectraNet has a reasonable opportunity to recover the total efficient costs of providing system strength services; and
- ii. the urgency in meeting the system strength obligation and the options or lack of options available to ElectraNet in those circumstances.

### 12.8.2 Rationale

System strength is a critical service that supports inverter-based resources, such as wind and solar generation, as well as batteries, which are rapidly becoming a key part of the generation mix in the NEM. In October 2021, the AEMC made a new Rule relating to the supply, coordination and demand for system strength services.<sup>5</sup>

A key feature of this new Rule is that System Strength Services (SSS) will be supplied through a TNSP-led procurement of system strength. TNSPs, working closely with AEMO, will be responsible for providing efficient levels of system strength on a forward looking basis over the given timeframe. As an SSS Provider, we must provide system strength as a prescribed transmission service, to meet a system strength planning standard at required locations on our network.

To meet the system strength standard, we may need to build new network infrastructure, such as synchronous condensers, or contract with existing synchronous generators or batteries or other plant providing fast frequency response as the most efficient solution.

As there is no practical experience in the operation of the new Rule and the future investment required to meet our system strength service obligations, cost recovery arrangements need to be carefully considered.

In its Rule determination, the AEMC noted that there are three possible ways under the existing Rules for SSS Providers to recover expenditure to meet the new system strength standard:

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<sup>5</sup> Clause 5.20C.3 of the Rules.

- approved revenue allowances;
- contingent project applications (where provided for in a revenue determination); or
- through the regulatory change event cost pass through.<sup>6</sup>

The AEMC commented that the regulatory change event cost pass through provisions were expected to be the main way to recover costs during the current regulatory control period, with the contingent project process or revenue allowances likely to be most suitable for subsequent regulatory control periods.

Following stakeholder consultation, the AEMC concluded that its preferred approach was to include transitional provisions<sup>7</sup> that, in our case, would apply to the forthcoming regulatory period. These transitional provisions mean that if we undertake a system strength project, it will be deemed a contingent project and the relevant cost recovery arrangements will apply.

However, there are no parallel cost recovery arrangements in relation to a non-network solution, such as contracting with a generator to provide system strength services. In particular, the current Rules provide for cost recovery as a network support payment, but this mechanism will result in a two-year lag in cost recovery. Such a lag is undesirable, particularly if the costs of a non-network solution are material, which the Rules define as exceeding 1% of the TNSP's annual revenue requirement.

Our proposal to nominate a system strength service event would enable us to recover material increases in system strength costs paid or to be paid to generators or other plant in a timely manner. By referring to 'signs or intends to sign a contract or contracts for system strength services', the pass through provision recognises that ElectraNet may seek a pass through determination prior to signing a contract for these services. This approach addresses the unacceptable risk that would otherwise arise from contracting for system strength services without any assurance regarding cost recovery.

Furthermore, it allows the AER to approve a cost pass through amount in respect of the remaining years of the regulatory control period, providing that there is sufficient certainty regarding those future costs. For added flexibility, the network support pass through provision would be used to true-up any variation between forecast contract payments and actual costs incurred, ensuring customers pay no more or less than required for contracted system strength services.

It is important to note that our nominated cost pass through only relates to the recovery of material increases in system strength costs, i.e. those costs that exceed 1% of our maximum allowed revenue in that regulatory year. If the system strength costs do not exceed this threshold, then the existing network support pass through arrangements would continue to apply, enabling less material system strength costs to be recovered in arrears.

Our proposed approach addresses possible cashflow issues that may otherwise provide an incentive to favour network solutions rather than non-network solutions. In our view, the proposed approach promotes efficient outcomes by encouraging TNSPs to select the lowest cost solution and ensuring that transmission prices more accurately reflect the actual costs of providing system strength services.

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<sup>6</sup> AEMC, National Electricity Amendment (Efficient Management Of System Strength On The Power System) Rule 2021, 21 October 2021, p.193

<sup>7</sup> Clause 11.143.18 of the Rules.

### 12.8.3 Risk mitigation

As explained above, under the new Rules AEMO is responsible for determining the system strength service requirements that we must provide. Our approach will be to provide these services as efficiently as possible, which may mean proceeding with a network solution (with costs recovered through a contingent project application) or a non-network solution (with costs recovered on a timely basis through the proposed cost pass through arrangement if the costs are material).

As such, there are no risk mitigation measures, other than to deliver the required level of service using the most efficient solution in the knowledge that the costs will be recovered appropriately whichever solution is adopted.



