

17 January 2020

Mr Sebastian Roberts
General Manager, Transmission and Gas Branch
Australian Energy Regulator
Level 17, Casselden Place
2 Lonsdale Street
MELBOURNE VIC 3000

Email Sebastian.Roberts@aer.gov.au
Cc: David.Monk@aer.gov.au

Dear Mr Roberts

Re: Contingent project application for the QNI minor upgrade project

We are pleased to submit our contingent project application (Application) for the Queensland to New South Wales (NSW) Interconnector (QNI) Minor Upgrade Project (QNI Project). The QNI Project is identified in the National Electricity Rules (NER) as a priority project for early implementation, consistent with the Australian Energy Regulator's (AER) expedited regulatory investment approval process.

Our Application follows the conclusion of the Regulatory Investment Test for Transmission (RIT-T) for the QNI Project, with publication of the Project Assessment Conclusions Report (PACR) on 20 December 2019.

The PACR assessed that upgrading the Liddell to Tamworth lines, and installing new dynamic reactive support at Tamworth and Dumaresq and shunt capacitor banks, will deliver the greatest expected net benefits of the options considered and is therefore the preferred option¹.

At the same time as publishing the PACR, we sought a determination from the AER that the preferred option satisfies the RIT-T requirements in clause 5.16.6(a) of the NER. The AER has indicated that it will make its RIT-T Determination by the end of March 2020.

Our Application requests that the AER amend the revenue requirements and maximum allowed revenues in our 2018-19 to 2022-23 Revenue Determination by an amount that reflects the prudent and efficient costs of the QNI Project as set out in our Application.

Please do not hesitate to contact Stephanie McDougall, Head of Regulation, at Stephanie.Mcdougall@transgrid.com.au or on 02 9284 3874 if you have any questions in relation to the information provided in our Application.

Yours faithfully



Jason Conroy
Chief Financial Officer

¹ The preferred option is defined as the option that maximises net market benefits under the RIT-T framework.