

8th May, 2026

Kami Kaur
Acting Executive General Manager, Network Regulation
Australian Energy Regulator

Submitted electronically to AERresets2028-33@aer.gov.au

Dear Ms Kaur

Framework & Approach for TransGrid transmission determination 2028-33

The Justice and Equity Centre (JEC) welcomes the opportunity to respond to the Australian Energy Regulator's Preliminary position paper for the Framework and Approach for Transgrid's 2028-33 revenue determination (F&A).

The JEC represents the interests of NSW households and engages directly with TransGrid and related issues, including through both their former Transgrid Advisory Council and the more recently convened Consumer Advisory Group.

The signal this F&A sends is material for consumers

Balancing risk to consumers and NSPs is a challenge in any F&A, and all NSP's face material uncertainty in the energy transition, particularly in current economic conditions. The F&A plays a critical role in setting robust guardrails protecting consumers against unreasonable and inefficient costs and risks.

We consider this process has particular importance in light of evidence we see as indicating Transgrid has not met reasonable expectations for prudent and efficient management of risk and cost to consumers, including:

- Mixed performance in infrastructure planning and delivery,
- Exceptionally poor performance in infrastructure costing and cost management,
- Decisions which attempt to shift risk to consumers, including retrospectively, and
- An apparent pattern of testing the limits and intent of regulatory frameworks.

The extent to which these issues impact consumers in the context of this F&A will be dependent on the settings determined in the F&A, and the AER's monitoring and reviewing between now and beyond the 2028-33 period. In that context we contend:

- F&A settings should aim to deliver a net benefit to consumers, or at worst be “NPV neutral”, and any risks should sit with the party best placed to manage them. In most cases this will not be consumers.
- The AER should consider the practicality of monitoring and enforcing any measures it implements. We note the AER’s significant workload particularly compared to the resourcing of TNSPs. In this context, any incentive scheme changes relying on intensive ongoing monitoring by the AER to ensure the long-term interest of consumers is promoted in practice should be very carefully considered before being adopted. Where robust monitoring cannot be assured in practice, the AER should favour more conservative settings to limit consumers’ unintended exposure to potential risk.

Changes to the CESS risk favouring TransGrid at expense and risk to consumers

We do not support the proposal to apply changes in approach to the Capital Expenditure Sharing Scheme (CESS). JEC understands the proposed CESS changes are based on the result of a review occurring prior to this process. However, we have concerns regarding the potential consumer impact of the altered CESS relative to the current settings.

In particular we are concerned about potentially material cost impacts for NSW consumers where:

- Infrastructure build is deferred for reasons other than efficiency. This would be particularly concerning if Transgrid subsequently seeks revenue for the same item in a later revenue period, or
- TransGrid ends up carrying less of the cost of any inefficient overspend.

EBSS may expose consumers to inefficient costs

JEC supports AERs rejection of TransGrid’s proposal to exclude AEMO fees from the Efficiency Benefit Sharing Scheme (EBSS), and concurs with the AER’s reasoning in doing so.

Similarly to the CESS, we are concerned that EBSS arrangements may leave consumers exposed to paying in any circumstances where operational expenditure may be transferred between years without actual efficiency gains or demonstrable service improvements.

STPIS changes could introduce unacceptable risk for consumers

Suspending the market impact component of Service Target Performance Incentive Scheme (STPIS) without other measures in place could put unacceptable pressure on wholesale prices without clear accountability for those outcomes.

The JEC asks the AER to reconsider this decision in light of the construction, commissioning and/or energisation of numerous new connection points - for REZes, interconnectors, generators and batteries - and the coordination required with other NSPs and market participants anticipated during the 2028-33 period.

Subject to this reconsideration - and the result and timing of the separate STPIS review process - the JEC recommends the AER:

- require TransGrid to actively report on the market impacts of any relevant works,
- actively monitors this information to ensure any potential unintended market consequences are understood, and
- act with due urgency if evidence or risk of material market impact is found.

We welcome the opportunity to meet with the AER project team and other stakeholders to discuss these issues in more depth. Please contact Douglas McCloskey at dmcloskey@jec.org.au regarding any further inquiries.

Yours sincerely

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