STATEMENT OF REASONS

OCTOBER 2026

Authorisation of South West Renewable Energy Zone Network Infrastructure Project.

Public summary of reasons for Consumer Trustee's authorisation decision.

ASL

Important notice

The Consumer Trustee has published this Statement of Reasons to provide a public summary of the reasons for its decision to authorise the South West Renewable Energy Zone Network Infrastructure Project. This document is intended for information purposes only. It summarises the Consumer Trustee's reasoning and is not intended to be comprehensive.

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Any specific questions should be addressed to the Consumer Trustee at engagement@asl.org.au.

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Summary

Context

The *Electricity Infrastructure Investment Act 2020* (NSW) (**EII Act**) establishes a framework for delivering network infrastructure in NSW renewable energy zones (**REZs**). Under that framework, AusEnergy Services Limited (**ASL**), acting as the Consumer Trustee, considers recommendations from the Energy Corporation of NSW (**EnergyCo**) in its capacity as the NSW Infrastructure Planner, regarding the authorisation of REZ network infrastructure projects (**RNIP**).

The Infrastructure Planner is required to assess a range of matters prescribed in the *Electricity Infrastructure Investment Regulation 2021* (**EII Regulation**) for each proposed RNIP and then make a recommendation to the Consumer Trustee to authorise a recommended RNIP (**recommended project**).

On receiving a recommendation from the Infrastructure Planner, the Consumer Trustee must not authorise a recommended project unless it is independently satisfied that the recommended project is in the long-term financial interests (**LTFI**) of NSW electricity customers. To determine this, the Consumer Trustee considers the information provided by the Infrastructure Planner in its recommendations to the extent relevant to the Consumer Trustee's statutory assessment and decides whether to undertake its own cost-benefit analysis (**CBA**) or give primary consideration to the most recent Infrastructure Investment Objectives Report (**IIO Report**) published by ASL. The Consumer Trustee is also required to determine whether authorising the recommended project is consistent with the objects of the EII Act and to consider the development pathway contained in the most recently published IIO Report when deciding to authorise the project.

The Consumer Trustee may only authorise or refuse to authorise the project recommended by the Infrastructure Planner. It cannot consider alternative options or amend the details of the recommended project.

If the Consumer Trustee authorises the Infrastructure Planner's recommended project, the Australian Energy Regulator (**AER**), in its role as Regulator, will then determine the prudent, efficient and reasonable costs payable to the network operator for the delivery of the project.

Decision

The Consumer Trustee has received a recommendation from the Infrastructure Planner for an RNIP in the South West REZ (the SW RNIP). The Infrastructure Planner has published a summary of its Infrastructure Planner Recommendations Report (IPRR).

The SW RNIP is described in section 3.2 below and in summary comprises four complementary components:

1. the VNI West line uprating works;
2. a third transformer at Dinawan;
3. expansion of the Dinawan 330 kilovolt (kV) switchyard; and
4. system strength works comprising two synchronous condensers at Dinawan.

The Infrastructure Planner expects the SW RNIP to support increased renewable generation in the SW REZ, including by accelerating the connection of renewable generators that have been awarded access rights in the SW REZ and reducing network constraints. The Infrastructure Planner expects the SW RNIP to be completed by late 2029 and increase the network capacity of the SW REZ by 1.3 gigawatts (GW).

After considering the Infrastructure Planner's recommendations, the Consumer Trustee has decided to authorise the SW RNIP.

The Consumer Trustee's CBA estimated that the SW RNIP would deliver positive net benefits to NSW electricity customers relative to the assessed counterfactual across the central, downside, and upside modelled scenarios described in section 4.1.3.2 below. This analysis identified positive outcomes across each of the assessed scenarios and indicated that the project is expected to contribute to lower modelled electricity system costs relative to the counterfactual and improved utilisation of renewable generation resources compared with the counterfactual in which the project is not authorised. The Consumer Trustee also considered the development pathway in the most recent 2026 Firming IIO Report. That report retained the generation and long-duration storage development pathway reflected in the 2025 IIO Report which was considered as part of the Consumer Trustee's CBA. A detailed explanation of the analysis of the Consumer Trustee's CBA is set out in Section 4.1.3.2.

The Consumer Trustee considers that authorising the recommended SW RNIP is consistent with the objects of the EII Act, including supporting improved affordability, reliability, security and sustainability of electricity supply. In reaching that conclusion, the Consumer Trustee considered information provided by the Infrastructure Planner regarding consultation and local community impacts as part of its assessment.

Accordingly, based on the Infrastructure Planner's recommendation and the Consumer Trustee's CBA and other analysis, the Consumer Trustee has determined to authorise the SW RNIP.

1. Introduction

This document summarises the reasons for the Consumer Trustee's decision to authorise the SW RNIP on 14 October 2026.

The Consumer Trustee's formal authorisation decision is set out in the Notice of Authorisation published on the ASL website. The Notice of Authorisation contains the Consumer Trustee's formal authorisation decision, including a full description of the authorised project and the terms of the authorisation.

The decision was made by the ASL Board acting in its capacity as the Consumer Trustee, following a process and approach consistent with the Network Authorisation Process and Approach Paper (**NAPAP**).

This document is intended to assist stakeholders in understanding the Consumer Trustee's reasons for authorising the SW RNIP. It does not form part of the authorisation.

2. The role of the Consumer Trustee

The Consumer Trustee has a function under section 30AA of the EII Act to decide whether to authorise an RNIP recommended by EnergyCo in its role as Infrastructure Planner.

When exercising this function, the Consumer Trustee is to act independently and in the LTFI of NSW electricity customers. The Consumer Trustee must also exercise its functions in a way that is consistent with the objects set out in section 3 of the EII Act and comply with other requirements set out in the EII Act and the Electricity Infrastructure Investment Regulation 2021 (**EII Regulation**).

An explanation of the Consumer Trustee's authorisation functions, and the processes and approach the Consumer Trustee adopts in performing those functions, is set out in the NAPAP. The NAPAP was first published by the Consumer Trustee in September 2023 and the most recent version was published in August 2026 to reflect relevant changes to the EII Act and EII Regulation.

If the Infrastructure Planner recommends the Consumer Trustee authorise a RNIP, the Consumer Trustee is required to decide whether to authorise the recommended project or refuse to authorise it based on the requirements set out in the EII Act and the EII Regulation.

To authorise a REZ network infrastructure project, the Consumer Trustee must:

1. be satisfied that authorising the project would be in the LTFI of NSW electricity customers;
2. consider the development pathway in the latest IIO Report; and
3. exercise its functions in a way that is consistent with the objects of the EII Act.

As part of its assessment of whether authorising the recommended project is in the LTFI of NSW electricity customers, the Consumer Trustee undertook a CBA. The applicable requirements and the Consumer Trustee's analysis are discussed in Section 4.1.

Importantly, the Consumer Trustee's authorisation process and CBA does not consider whether there may be an alternative option within the SW REZ for the recommended RNIP that better delivers in the LTFI of NSW electricity customers. It is the responsibility of EnergyCo, in exercising its statutory function as the Infrastructure Planner under section 30 of the EII Act, to consider and assess projects drawing on its technical expertise, on-the-ground knowledge and consultation with affected stakeholders. This includes the Infrastructure Planner's decision whether to move a project that might otherwise proceed under the NER into the regulatory framework under the EII Act. That decision is for the Infrastructure Planner, not the Consumer Trustee.

The EII Regulation provides that the Consumer Trustee's CBA must not include an options analysis of alternatives or variants to the RNIP recommended by the Infrastructure Planner. The EII Regulation also provides that the Consumer Trustee is not required to investigate the accuracy of the Infrastructure Planner's recommendations or consider technical information other than that specified in the EII Regulation.

The Infrastructure Planner is required to consult with relevant stakeholders when developing its recommendations. Its recommendations to the Consumer Trustee describe the consultation undertaken with the Australian Energy Market Operator (**AEMO**), network operators, local councils, local communities, First Nations communities, including how stakeholder feedback was taken into account. As explained in the NAPAP, responsibility for project development and stakeholder consultation rests with the Infrastructure Planner under the statutory framework. The Consumer Trustee therefore does not duplicate those consultation processes when making an authorisation decision. In assessing the recommended project, the Consumer Trustee considered the Infrastructure Planner's account of the consultation undertaken, and how stakeholder feedback was addressed, to the extent relevant to the Consumer Trustee's statutory functions.

The Consumer Trustee's authorisation decision does not consider whether the costs of the recommended RNIP are prudent, reasonable and efficient. Determining the prudent, reasonable and efficient costs that can be recovered by the network operator from NSW electricity customers is the responsibility of the Regulator under section 38 of the EII Act. The AER has been appointed by the Minister as the Regulator for this purpose.

In making its determination, the Regulator will consider a maximum capital cost amount provided to it by the Consumer Trustee in accordance with section 31(1) of the EII Act. This maximum capital cost amount applies only to the first determination for a RNIP and sets an upper limit on how much of the development and construction capital costs of the authorised project can be recouped from customers via electricity bills. Under the EII Act, the maximum capital cost amount must be kept confidential, and the Consumer Trustee may only disclose it to the Regulator and the Minister.

3. The SW REZ Network Infrastructure Project

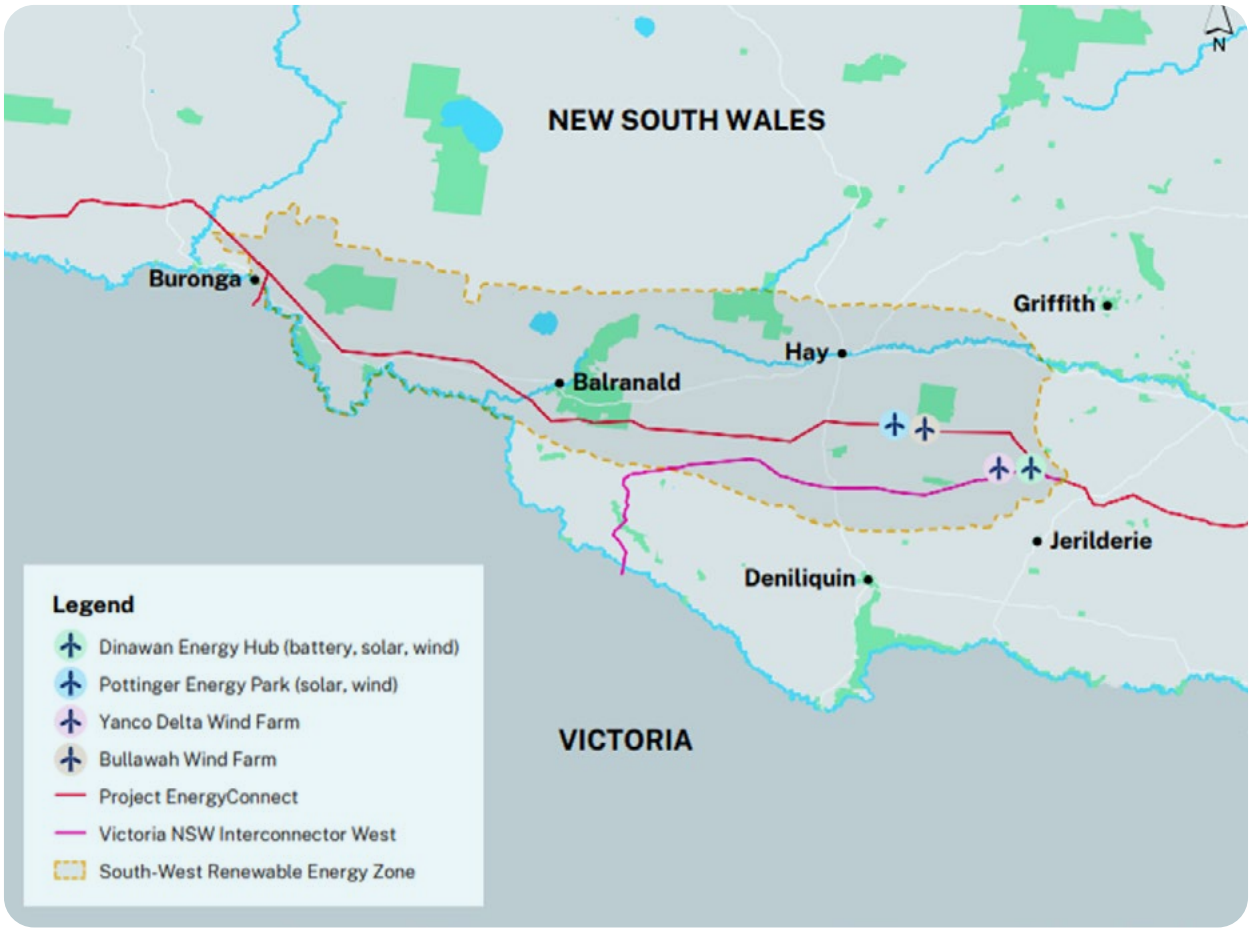
3.1 The South West REZ

The South West REZ was declared by the Minister under the EII Act on 31 October 2022. The REZ declaration sets out the geographical area and specifies the REZ network infrastructure to which the declaration applies.

The SW REZ declaration was amended by the Minister on 5 July 2026. This declaration amended the specified network infrastructure to include the Wagga Wagga to Gugaa infrastructure that is located outside the REZ boundary but is required to support the delivery of the SW RNIP.

The geographical area of the SW REZ is shown in Figure 1 below.

Figure 1: Geographical area of the SW REZ



3.2 The SW RNIP

The SW RNIP involves the construction and operation of network infrastructure to enable the connection of new renewable energy generation and storage projects in the SW REZ. The project includes infrastructure within the SW REZ and associated specified network infrastructure extending beyond the geographic boundary of the REZ. The Consumer Trustee notes that it is permissible under the EII Act for a recommended project to include specified network infrastructure located outside the geographic boundary of the REZ.[1]

It will provide an additional 1.3 GW of network transfer capacity through four complementary components as set out below. EnergyCo recommends these components be delivered as an integrated project to support the intended network capacity of the South West REZ and facilitate connection of generation and storage projects that have been granted access rights.

1. the VNI West line uprating works

a) a direct link between Dinawan and Gugaa substations by bypassing the Wagga substation and converting this link from 330kV to 500kV operation.

b) a new double circuit 330kV link between Gugaa and Wagga substations.

c) cut in existing line Transmission Line (TL) 51 from Lower Tumut to connect directly to Gugaa substation.

d) a new 500/330/33 kV substation at Dinawan (the Dinawan substation) which includes all necessary civil works, circuit breakers, busbars and associated equipment, up to seven connection points for three transformers, two reactors and two line reactors, and up to three connection points for future assets.

2. a third transformer at Dinawan

a) an additional (third) 500/330/33kV 1,500MVA transformer in the 500kV switchyard at the Dinawan substation.

3. expansion of the Dinawan 330 kV switchyard

a) expand the existing 330kV switchyard at Dinawan to include up to five generator connection points for access right holders and the provision of infrastructure for future connections.

4. system strength works comprising two synchronous condensers at Dinawan

a) two synchronous condensers at Dinawan, as well as all associated enabling works.

The scope and location of the SW RNIP are shown in the diagram in Figure 2 and the map in Figure 3.

1. Sections 19(1)(b) and 19(2) of the EII Act

Figure 2: Diagram of SW RNIP lines and substations

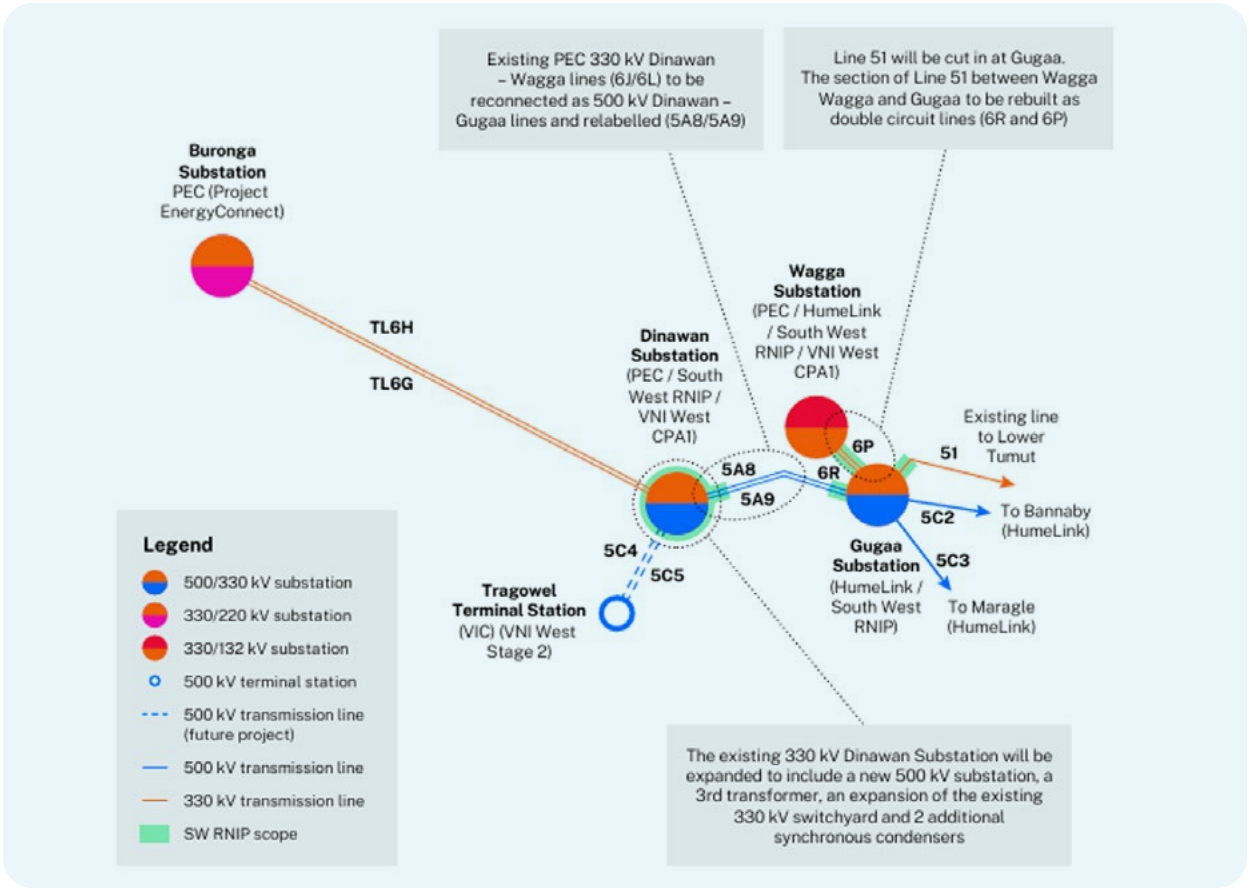
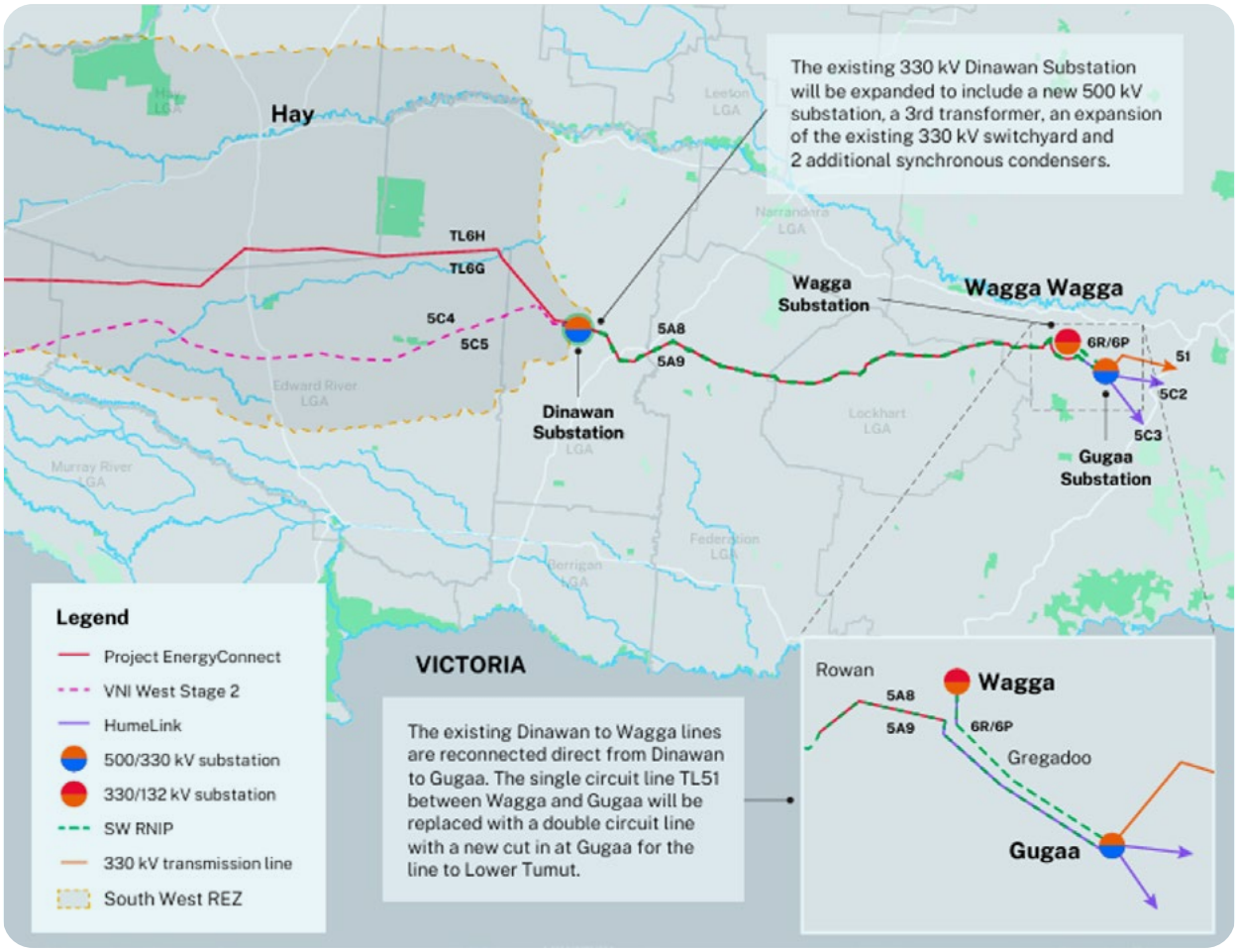


Figure 3: Location of the SW REZ and the recommended SW RNIP



4. Reasons for Decision

This section summarises the Consumer Trustee's reasons for deciding to authorise the SW RNIP and why the Consumer Trustee is satisfied that the statutory requirements for authorisation have been met.

Section 4.1 explains the Consumer Trustee's analysis of why authorising the SW RNIP would be in the LTFI of NSW electricity customers and how it has considered the development pathway as part of that analysis.

Section 4.2 explains why the Consumer Trustee considers that authorising the SW RNIP is consistent with the objects of the EII Act.

4.1 Long-term financial interests of NSW electricity customers (LTFI)

4.1.1 Context

Under the EII Act, the Consumer Trustee is required to act independently and in the LTFI of NSW electricity customers.

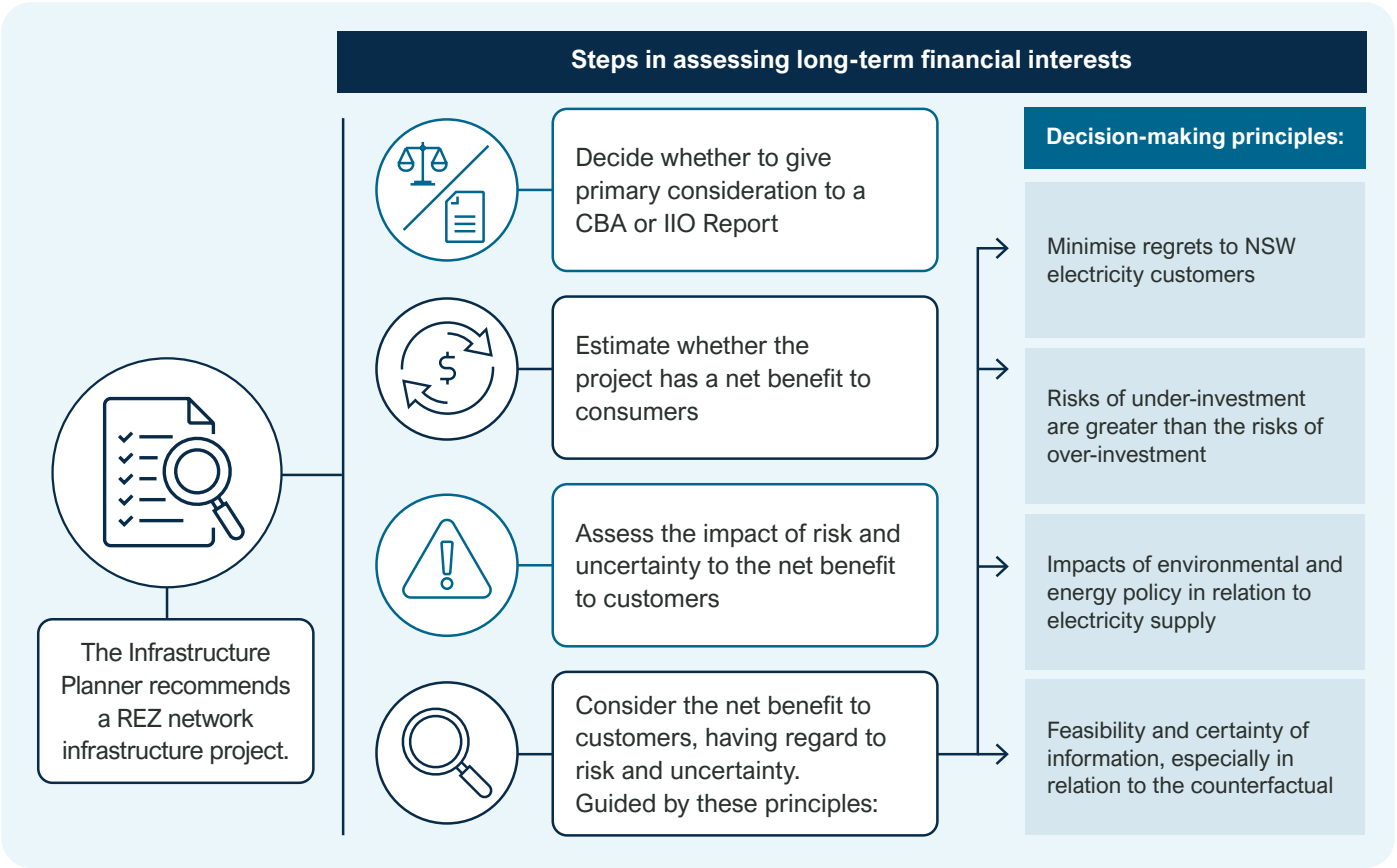
The EII Regulation also imposes several requirements for how the Consumer Trustee must apply this requirement. In particular:

- The Consumer Trustee must not authorise a network operator to carry out a RNIP unless satisfied the project is in the LTFI of NSW electricity customers.
- In determining whether it is satisfied the project is in the LTFI of NSW electricity customers, the Consumer Trustee must:
  - undertake a CBA of the project in accordance with the requirements set out in the EII Regulation and give primary consideration to the CBA; or
  - give primary consideration to the most recent IIO Report as at the time of the Infrastructure Planner's recommendations.

The 2026 Firming IIO Report was published on 13 October 2026, before the Consumer Trustee made its authorisation decision, and was therefore the most recently published IIO Report for the purposes of that decision. The Consumer Trustee considered the development pathway contained in that report. As explained below, the Report retained the development pathway for generation and long-duration storage set out in the 2025 IIO Report.

The Consumer Trustee's assessment of whether authorising the recommended project is in the LTFI of NSW electricity customers is guided by a four-step test that is set out in the NAPAP and summarised in figure 4 below. The Consumer Trustee's approach to authorisation assessment is supplemented by internal governance documents, including the Authorisation Management Framework. The application of each step of this test is explained in Section 4.1.3.

Figure 4: Approach for assessing LTFI



The Consumer Trustee considers the development pathway identified in the most recent IIO Report when determining whether to give primary consideration to a CBA or to that IIO Report in assessing whether a project is in the LTFI of NSW electricity customers. Where the Consumer Trustee undertakes a CBA, the assessment of net benefits is undertaken on the basis that the infrastructure investment objectives will be achieved either:

- through the same development pathway identified in the most recent IIO Report; or
- through an updated development pathway, where the Consumer Trustee considers that a different trajectory for the delivery of infrastructure would better serve the LTFI of NSW electricity customers while continuing to achieve the infrastructure investment objectives.

As explained in Section 4.1.3 below, the Consumer Trustee assessed whether authorising the SW RNIP was in the LTFI of NSW electricity customers by undertaking a CBA, giving primary consideration to that CBA and considering the development pathway in the 2026 Firming IIO Report.

This Statement of Reasons does not set out the results of the Consumer Trustee's CBA or the amount of the net benefit the Consumer Trustee considers the project would deliver to NSW electricity customers. That is because doing so could allow the network operator and potentially other stakeholders to derive a reasonable estimate of the maximum capital cost that the Consumer Trustee must calculate and notify to the Regulator under section 31(1) of the EII Act. The maximum capital cost is calculated based on the net benefit of the project to NSW electricity customers and the payments to the network operator provided by the Infrastructure Planner. The maximum capital cost is confidential and must not be disclosed by the Consumer Trustee to any person except the Regulator and the Minister.

The EII Regulation provides that the Consumer Trustee may disclose the assumptions, scenarios, results or forecasted costs and benefits in relation to the CBA to the Infrastructure Planner or the Secretary of the Department of Climate Change, Energy, the Environment and Water (DCCEEW). However, disclosure to any other party is not permitted if it may indirectly disclose the maximum capital cost.

The maximum capital cost is an important protection for customers against the risk that the construction and development costs of the project increase compared with the costs set out in the Infrastructure Planner's recommendations and result in the RNIP no longer having a net financial benefit to NSW electricity customers. The requirement for the maximum capital cost to remain confidential supports the effectiveness of this protection.

4.1.2 Decision

Based on its assessment and the reasons set out below, the Consumer Trustee considers that authorising the SW RNIP is likely to have a net benefit and be in the LTFI of NSW electricity customers. As part of this assessment, the Consumer Trustee considered the development pathway contained in the 2026 Firming IIO Report, being the most recently published IIO Report at the time of the decision.

4.1.3 Reasons

4.1.3.1 Assessment Step 1: Giving primary consideration to a CBA or IIO Report under section 31

To determine which source it will give primary consideration to in undertaking its LTFI assessment, the Consumer Trustee applied the following principles:

- The IIO Report will be given primary consideration where doing so is considered to be fit-for-purpose to make an authorisation decision using the principles for an LTFI assessment described in step 4 below.
- Where the IIO Report is not considered to be fit-for-purpose, the Consumer Trustee will undertake a CBA.

The most recent IIO Report at the date of EnergyCo's recommendation was the 2026 Firming IIO Report which retained the generation and LDS development pathway, and the underpinning assumptions from the 2025 IIO Report.

The Consumer Trustee considered whether the development pathway for generation and long-duration storage from the 2025 IIO Report analysis was fit for purpose as the primary basis for assessing the recommended SW RNIP. However, the recommended SW RNIP differs materially from the assumptions about scope, cost and timing underpinning that report.

More specifically:

- the SW RNIP includes additional components that were not part of VNI West in the 2025 IIO Report, including the Dinawan switchyard expansion and synchronous condensers;
- the costs for the SW RNIP have been updated by EnergyCo in the IPRR and are materially different from those used for the 2025 IIO Report modelling; and
- the 2025 IIO Report assumed that both stages 1 and 2 of VNI West would be delivered by 2030, but stage 2 has been delayed due to delays to the Victorian portion of the project.

There have also been other changes in the electricity market since the 2025 IIO Report was published, including delays to other network projects such as QNI Connect and changes to coal closure dates. Applying the approach described above, the Consumer Trustee determined to undertake a project-specific CBA and gave primary consideration to that CBA for the purposes of clause 19B(3)(a) of the EII Regulation.

The additional analysis also provided further evidence of the importance of timely delivery of that development pathway, including to minimise future reliance on additional firming infrastructure.

4.1.3.2 Assessment Step 2: Estimate whether the project has a net benefit to customers

The Consumer Trustee undertook a CBA consistent with the NSW Government Guide to Cost-Benefit Analysis and other requirements of the EII Regulation to estimate whether the project has a net benefit to customers.

Three scenarios were modelled in the Consumer Trustee's CBA as summarised in Table 1.

Table 1: Summary of scenarios used in the SW RNIP CBA

	Central	Downside	Upside
Description	Represents the most probable future, generally based on the Draft 2026 ISP Step Change Scenario while adopting variations based on ASL assumptions to capture more detailed and/or up to date information. Includes policy settings, transmission options, project build and build limits.	Tests the value of the SW RNIP where delivery of the SW RNIP is delayed by one year, resulting in an 18-month delay to dependent access-right projects.	Shows a world where the New England REZ is not built, significantly restricting build options for new generation. This scenario is used to test the upside potential of the SW RNIP and does not represent a prediction about, or assessment of, the delivery of the New England REZ. The consumer benefits of the SW RNIP would increase under this scenario.

The benefits of the SW RNIP are derived from the difference in consumer costs between two cases:

- A **base case**, in which the recommended SW RNIP is built; and
- A **counterfactual case**, in which the SW RNIP is not built.

The CBA was developed by reference to the development pathway in the 2025 IIO Report, which was retained in the 2026 Firming IIO Report.

The benefits were compared to the estimated costs of the SW RNIP that are expected to be paid by NSW electricity customers over the project's asset life from 2029 to 2079, based on cost information provided by the Infrastructure Planner in its recommendations.

To test the resilience of the SW RNIP benefits and costs to changes in assumptions and methodology, all three scenarios were tested against eight post-processing sensitivities as part of the modelling exercise. These sensitivities included increases in the cost of the project, different volatilities in wholesale prices, different emissions values and discount rates, different approaches to benefits continuation and different benefit start years.

The CBA showed that the SW RNIP is expected to deliver positive net benefits to customers across each of the three scenarios. These estimated net benefits are resilient to each of the tested sensitivities, with the project expected to continue delivering modelled net benefits to customers even with the potential changes to costs or benefits that were tested in the eight sensitivities, including the highly adverse case where multiple sensitivities are combined.

These potential benefits are driven by the SW RNIP's impact on wholesale electricity costs. Wholesale electricity prices are lower in the three core scenarios if the SW RNIP is built compared to the counterfactual where it is not built. The key drivers of these wholesale price benefits are access to higher quality wind resources within the SW REZ, increased geographic diversity of renewable generation across NSW, and improved optionality for additional generation development over time.

4.1.3.3 Assessment Step 3: Assess the impact of risk and uncertainty on the net benefit to customers

The Consumer Trustee also considered the impact of risk and uncertainty on the estimated net benefit in addition to the sensitivities as part of its CBA. The Consumer Trustee's consideration of risk was informed by the Infrastructure Planner's risk analysis in its recommendations report and the Consumer Trustee's own quantitative and qualitative analysis.

The Consumer Trustee identified and documented plausible risks to the LTFI of NSW electricity customers related to:

- risks of the costs to customers of the project increasing, compared with the costs provided by the Infrastructure Planner and used for the CBA; and
- risks of the modelled benefits not being realised or decreasing compared with the CBA results.

For each risk, the Consumer Trustee assessed the likelihood and consequence of the risk compared with the counterfactual, having regard to the measures adopted by the Infrastructure Planner to mitigate the risk. Most risks were able to be quantified with reference to the CBA sensitivity analysis or information provided by the Infrastructure Planner. When undertaking sensitivity analysis, risk and uncertainty were assessed through probabilistic analysis where possible. The Consumer Trustee also considered how the impact of uncertainty could result in either a higher or lower net benefit for the RNIP.

The Consumer Trustee's assessment of the risks of cost increases involved assessing the impact on the project's net benefits. The Consumer Trustee also identified and assessed several potential risks to benefits realisation related to risks that completion of the SW RNIP may be delayed or that generation and storage connections may be lower than forecast or occur later than forecast.

Table 2: Summary of qualitative LTFI Risk assessment for SW RNIP

#	Risk	Description	Risk Rating
Type 1: Risks of the costs to customers of the project increasing			
1A	**Project costs may increase above the amounts set out in the IPRR**	There is a risk that the costs of the SW RNIP could increase. Any increased costs would be recovered by the network operator from customers, subject to the AER's approval in a revenue determination, and would reduce the net benefit of the project. The Consumer Trustee notes that the actual costs that can be recovered by the network operator from electricity customers will be determined by the AER under the EII Act, EII Regulation and the AER's revenue determination guideline for NSW non-contestable projects. Under this process, the AER will assess whether the network operator's proposed costs are prudent, efficient and reasonable. The Infrastructure Planner's recommendations also specify the steps that the Infrastructure Planner and the proposed network operator (Transgrid) will take to mitigate the risks of cost increases.	This risk is rated as medium, based on a plausible highly adverse case of costs increasing by the P90 contingency amount.[2] The consequence is informed by the Consumer Trustee's CBA sensitivity analysis. The Consumer Trustee tested the impacts in the case of costs increasing by the P90 contingency amount, with the modelling outcomes continuing to indicate net benefits of the project.
Type 2: Risks of the modelling benefits not being realised or decreasing			
2A	**Generation connections may be delayed**	The estimated benefits in the CBA are based on modelled entry of new generation and storage projects in the SW REZ, including four existing Access Rights Holders. The benefits to consumers would be less than modelled if there are delays in the delivery and connection of some of these projects.	This risk is rated as medium, based on the CBA scenarios and sensitivities showing that the SW RNIP is still expected to deliver modelled net benefits even if there is a significant delay to generation connections.
2B	**Delivery of the RNIP may be delayed**	The estimated benefits in the CBA are based on the expected dates for completion of the project set out in the Infrastructure Planner's recommendations report. If delivery is delayed, the benefits will be less than modelled as new generation projects will not be able to connect to the RNIP or will face increased network constraints.	This risk is rated as medium, with the CBA scenarios and sensitivities demonstrating that the SW RNIP is expected to deliver modelled net benefits even if its delivery is delayed.

2. This means that, if there is a cost overrun, there is a 90% chance that the development and construction capital expenditure will not exceed the estimate by more than the P90 contingency.

#	Risk	Description	Risk Rating
2C	**Other network projects that the SW RNIP is dependent on may be delayed**	The SW RNIP involves upgrades to HumeLink. A delay to delivery of HumeLink would therefore likely result in a corresponding delay to delivery of the SW RNIP.	This risk is rated as low, noting that construction of HumeLink commenced in mid-2025 and the CBA shows that the SW RNIP would still deliver modelled net benefits even if delayed.
2D	**The Victorian portion of VNI West may not proceed**	The CBA assumes that the Victorian portion of VNI West proceeds in the base case where the SW RNIP is authorised and does not proceed in the counterfactual. The Consumer Trustee notes that there is a risk that the Victorian portion of VNI West may not proceed or may be materially delayed.	This risk is rated as low because the Consumer Trustee's analysis indicates that the SW RNIP would continue to deliver modelled benefits to NSW electricity customers if the Victorian portion of VNI West did not proceed. The Consumer Trustee also considered supplementary analysis from its energy market adviser indicating that, in that circumstance, a greater proportion of the benefits associated with new SW REZ generation may be retained in NSW rather than shared through increased exports to Victoria. This analysis was broadly consistent with the Consumer Trustee's broader assessment.

4.1.3.4 Assessment Step 4: Consider the net benefit to customers, having regard to risk and uncertainty

Step 3 assesses how identified risks and uncertainties may affect the SW RNIP's estimated net benefits. Step 4 then considers those findings in determining whether, and to what extent, the estimated net benefits should be adjusted or otherwise taken into account in deciding whether authorisation is in the LTFI of NSW electricity customers.

Having regard to its analysis in the previous steps, the Consumer Trustee assessed whether and how the estimate of net benefits from the CBA across different scenarios should be adjusted or considered in its authorisation decision. This assessment was guided by principles that consider the following:

- **Tolerable quantum of impacts:** The Consumer Trustee will seek to minimise regrets to NSW electricity customers in deciding whether to authorise the recommended project, generally considering upside and downside risk.
- **Asymmetrical investment risks:** The Consumer Trustee considers that risks of under-investment in new network infrastructure are greater than risks of overinvestment. This is because the increase in wholesale costs associated with a lack of available network, generation and storage capacity at high-demand periods will generally outweigh the cost-savings from deferring network investment.
- **Policy intent and regulations:** The Consumer Trustee will consider the impacts of environmental and energy policy in relation to electricity supply in NSW.
- **Reliance on other projects:** The Consumer Trustee will consider the extent to which the counterfactual without the recommended project relies on the timely and efficient delivery of other projects and the risks to consumers if those assumptions do not materialise.

The Consumer Trustee considered the CBA results across the Central, Downside and Upside scenarios and the post-processing sensitivities, including the P90 cost, delayed benefits and combined worst-case sensitivities. The Central scenario provides ASL's principal estimate of the project's net benefits. The Downside scenario and 2033 benefits-start sensitivity were material to the Consumer Trustee's consideration because they illustrate the effect of project and generator connection delays, having regard to the delay risks set out above.

Applying the principles above, the Consumer Trustee considers that:

- **Tolerable quantum of impacts:** The Downside scenario and most of the sensitivities show that there are a range of circumstances that can lead to estimated net benefits being lower than in the Central scenario, but that authorising the project would still deliver modelled net benefits in all scenarios and sensitivities. The Upside scenario shows that authorising the project could also have significant upside for customers with even higher benefits, particularly if the New England REZ is not developed or is materially delayed.
- **Asymmetrical investment risks:** Across the modelled scenarios and sensitivities, the counterfactual without the SW RNIP produced higher estimated costs than the base case. The Consumer Trustee considered these modelled outcomes in concluding that the expected benefits of authorising the SW RNIP outweighed the associated risks and uncertainties.
- **Policy intent and regulations:** Based on the information available at the time of assessment, the Consumer Trustee considered that the SW RNIP would support progress towards the 2030 generation and storage targets under the EII Act.[3] The CBA indicated that the base case would result in higher renewable generation and lower emissions than the counterfactual across the modelled scenarios.[4] Sensitivity analysis also indicated that the project continued to deliver positive modelled net benefits in all scenarios even where emissions benefits were excluded.
- **Reliance on other projects:** The counterfactual without the SW RNIP relies on additional generation being built in the New England REZ, an expansion to the CWO REZ and in Wagga Wagga. The cost and delay risks identified in relation to the SW RNIP also apply to these alternative projects.

3. Section 44 of the EII Act
4. The costs associated with calculating emissions benefits align with the approach set out in the NSW Government Guide to Cost-Benefit Analysis.

The Consumer Trustee also considered two additional issues that it considered relevant to the LTFI assessment given specific features of the Infrastructure Planner's recommendations and the impact they could have on NSW electricity customers.

The first issue is that the SW RNIP is unusual in that it involves recommending authorisation under the EII Act of a project that was already in an advanced state of planning under the National Electricity Rules (**NER**) and would likely be delivered under the NER if not authorised.

The Consumer Trustee considered the impacts of this change in the regulatory pathway and the potential impacts on the costs and benefits to customers. The Infrastructure Planner assessed that, if the SW RNIP were not authorised and instead proceeded under the NER, delivery of the recommended project would most likely be delayed by approximately 12 to 18 months. Based on information provided in the Infrastructure Planner's recommendations, the Consumer Trustee considers that assessment to be credible. The Infrastructure Planner identified the need to complete relevant regulatory processes under the NER, including reapplying the Regulatory Investment Test for Transmission (RIT-T) following a material change in circumstances, undertaking a new RIT-T, or completing the AER contingent project application process, as potential causes of that delay. The actual timing would depend on the regulatory processes required and the circumstances at the time.

The Consumer Trustee's CBA scenarios and sensitivities show that a delay of this nature to delivery of the SW RNIP would materially reduce the benefits to NSW electricity customers and that authorising the recommended project under the EII Act is therefore likely to have material benefits for customers.

The second issue is that the recommended SW RNIP includes works to expand the Dinawan switchyard to enable the connection of generators. If these works were delivered under the NER, the works required to connect individual generators would be funded by the relevant generators. The Infrastructure Planner states that it has included these works in the scope of the SW RNIP because the Infrastructure Planner considers that it will support more coordinated planning and enable an efficient delivery process that will enable the relevant generators to connect sooner, which will benefit customers through lower total cost.

The Infrastructure Planner states that these costs will be initially recovered from consumers but will be offset by contributions from the two access right holder generators that propose to connect at Dinawan. These contributions would be made by the generators into the Electricity Infrastructure Fund under section 54(f) of the EII Act and used to offset contributions otherwise required from distribution network service providers and ultimately NSW electricity customers. The Infrastructure Planner states that it has commenced negotiations with these two generators regarding contribution deeds to govern these contributions, but these deeds had not been agreed at the time of the Infrastructure Planner's recommendations to the Consumer Trustee.

Once the Infrastructure Planner has recommended a project for authorisation, the Consumer Trustee can only authorise the recommended project or refuse to authorise it. The Consumer Trustee is not able to change the project that is authorised, for example by authorising the project but removing these connection-related works.

The Consumer Trustee considers that this creates a risk that NSW electricity consumers are required to fund some or all of the costs of the Dinawan switchyard expansion works, which would be funded by generators if those works were delivered under the NER. The Consumer Trustee notes the Infrastructure Planner's stated intention to seek generator contributions in respect of these works to pay for costs that relate to their connections. The Infrastructure Planner subsequently advised the Consumer Trustee that negotiations with the two access right holders proposing to connect to the Dinawan switchyard were progressing and that it expected binding commitments to be executed imminently. It also advised the expected amount of the contributions, which would cover most or all of the estimated capital expenditure associated with these connection works. The Infrastructure Planner calculated the proposed contributions using a methodology adapted from the AEMO-VicGrid cost-allocation framework to reflect the circumstances of the South West REZ.

The Consumer Trustee took this risk into account in its CBA, which shows that authorising the recommended SW RNIP would still deliver significant net benefits to NSW electricity customers in the unlikely event that no generator contributions are made towards the costs of these works.

The Consumer Trustee also took into account the 2026 Firming IIO Report which retained the generation and long-duration storage development pathway reflected in the 2025 IIO Report. The further evidence in that report concerning the importance of timely generation development was consistent with, and supported, the Consumer Trustee's assessment that authorising the SW RNIP was likely to be in the LTFI of NSW electricity customers.

4.2 Objects of the EII Act

4.2.1 Context

The EII Act has a variety of objects, which relate to electricity supply, the delivery of new electricity infrastructure and broader socio-economic objectives. The Infrastructure Planner and Consumer Trustee must exercise their functions in a way that is consistent with the objects of the EII Act listed in Table 3 below.

Table 3: Objects of EII Act

1	Objects of the EII Act
a	to improve the affordability, reliability, security and sustainability of electricity supply.
b	to co-ordinate investment in new generation, storage, network and related infrastructure.
c	to encourage investment in new generation, storage, network and related infrastructure by reducing risk for investors.
d	to foster local community support for investment in new generation, storage, network and related infrastructure.
e	to support economic development and manufacturing.
f	to create employment, including employment for Aboriginal and Torres Strait Islander people.
g	to invest in education and training.
h	to promote local industry, manufacturing and jobs.
i	to promote export opportunities for generation, storage and network technology .
2	**Additional objects of Parts 4 to 6 of the EII Act**
a	to increase employment and income opportunities for Aboriginal and Torres Strait Islander people in NSW.
b	to promote consultation and negotiation with the traditional Aboriginal owners of land on which generation, storage and network infrastructure is proposed to be constructed or operated under the Act.

4.2.2 Decision

Having considered the Infrastructure Planner's recommendations and the other matters discussed below, the Consumer Trustee is satisfied that authorising the recommended project is consistent with the objects of the EII Act.

4.2.3 Reasons

The matters the Consumer Trustee considered in assessing whether authorising the SW RNIP is consistent with the objects of the EII Act are summarised in Table 4.

Table 4: Summary of matters considered in assessing whether authorising the SW RNIP is consistent with the objects of the EII Act

EII Act object	Matters considered
Improve the affordability, reliability, security and sustainability of electricity supply	The Consumer Trustee considered information from the IPRR and the results of the Consumer Trustee's CBA that show that the SW RNIP brings forward connection of generation which would place downward pressure on wholesale electricity prices, improving affordability for NSW electricity customers. The CBA also shows that authorising the SW RNIP reduces emissions, improving sustainability. The Consumer Trustee also considered comments in the IPRR that the synchronous condensers would provide system strength, inertia and voltage control, which will improve reliability and system security. The Consumer Trustee also considered the potential risks to affordability if generators do not make appropriate contributions to the costs of the Dinawan switchyard expansion works and those works are instead funded by customers, as discussed in section 4.1.3.4 above.
Coordinate investment in new generation, storage, network and related infrastructure	The Consumer Trustee considered information in the IPRR in relation to the benefits of coordinating the VNI West line uprating works, third transformer, Dinawan switchyard expansion and synchronous condensers as one integrated project. It also considered information in the IPRR on the benefits of aligning the delivery of the recommended network infrastructure with access rights holders' generation and storage infrastructure, including the benefits of more efficient design and delivery and reduced interface, outage and sequencing risks.
Encourage investment in new generation, storage, network and related infrastructure by reducing risk for investors	The Consumer Trustee considered information in the IPRR in relation to how authorising the SW RNIP would provide greater certainty about the timing and availability of the network infrastructure required by access right holders' generation and storage projects and how this certainty would reduce risks for investors and support those projects to progress towards final investment decision.
Foster local community support for investment in new generation, storage, network and related infrastructure	The Consumer Trustee reviewed the Infrastructure Planner's summary of its stakeholder consultation in the IPRR, including engagement with each local council in the SW REZ. The Consumer Trustee expects the SW REZ to foster local support for new generation, storage, network and related infrastructure through engagement with the Infrastructure Planner.
Support economic development and manufacturing **Create employment, including employment for Aboriginal and Torres Strait Islander people** **Invest in education and training** **Promote local industry, manufacturing and jobs**	The Consumer Trustee notes that the Infrastructure Planner expects the construction and operation of the SW RNIP, and the generation projects it enables, to: • support economic development and manufacturing opportunities • create employment including for Aboriginal and Torres Strait Islander peoples • provide opportunities for education and training in the SW REZ and neighbouring communities • support local industry and job creation through procurement and delivery arrangements that enable participation by local suppliers and contractors.
Promote export opportunities for generation, storage and network technology	The Consumer Trustee notes that the IPRR states that export opportunities are not a primary driver of the SW RNIP and that the project is not expected to directly support export opportunities. Building the network infrastructure and connecting access right holders to deliver renewable energy in the REZ will uplift capability that could be utilised for export opportunity in the future.
Increase employment and income opportunities for Aboriginal and Torres Strait Islander people in New South Wales **Promote consultation and negotiation with the traditional Aboriginal Owners of land on which relevant infrastructure is proposed**	The Consumer Trustee notes that the IPRR specifies that the Infrastructure Planner's First Nations engagement, procurement and governance arrangements are intended to support employment, income, procurement and business opportunities for Aboriginal and Torres Strait Islander peoples. The Consumer Trustee has reviewed the evidence contained in the IPRR that the Infrastructure Planner has established First Nations engagement and governance arrangements for the SW REZ and has undertaken engagement relevant to the recommended SW RNIP. The Consumer Trustee notes that the Infrastructure Planner has stated that consultation and negotiation will continue through project development and delivery.

Having considered the applicable objects individually and collectively, the Consumer Trustee concluded that authorising the SW RNIP is consistent with the objects of the EII Act.

5. Maximum capital cost

As required by section 31(1) of the EII Act, the Consumer Trustee has, by written notice to the Regulator, set a Maximum Capital Cost amount for the prudent, efficient and reasonable capital costs of developing and constructing the SW RNIP. The Consumer Trustee has also provided written notice of that amount to the Minister in accordance with section 31(4)(a) of the EII Act.

In accordance with the EII Act, the maximum capital cost amount is confidential and is not disclosed publicly.

A1. Appendix – Legal requirements for the decision

This Appendix summarises the requirements under the EII Act and EII Regulation that are relevant to the Consumer Trustee's exercise of its functions under s 30AA and 31, and identifies where the Consumer Trustee's assessment of those requirements is recorded in this report.

#	Requirement	Reference in this Statement of Reasons
***Electricity Infrastructure Investment Act 2020* (NSW)**		
1	3(3): The consumer trustee must exercise its functions in a way that is consistent with the objects of the Act.	Section 4.2
2	30AA(1): If the Infrastructure Planner recommends a REZ network infrastructure project for authorisation, the consumer trustee must decide to authorise the project in accordance with the recommendation, or refuse to authorise the project.	Section 1; Section 2; Section 4
3	30AA(3): The consumer trustee must consider the development pathway contained in the most recently published infrastructure investment objectives report when deciding whether to authorise a REZ network infrastructure project.	Section 2; Section 4.1.1, 4.1.3.1 and 4.1.3.2
4	31(1): For each authorised REZ network infrastructure project, the consumer trustee must, by written notice to the Regulator, set a maximum amount for the prudent, efficient and reasonable capital costs for development and construction of the project.	Section 5
5	31(4)(a): The consumer trustee must give the Minister written notice of the maximum capital costs amount as soon as practicable after giving written notice of the amount to the Regulator.	Section 5
6	31(5): The consumer trustee must not disclose the maximum capital costs amount to any person other than the Regulator or the Minister.	Section 2; Section 5
7	60(3): The consumer trustee is to act independently and in the long-term financial interests of NSW electricity customers.	Section 2; Section 4.1
***Electricity Infrastructure Investment Regulation 2021* (NSW)**		
8	19B(2): The consumer trustee must not authorise a REZ network infrastructure project unless satisfied the project is in the long-term financial interests of NSW electricity customers.	Section 4.1
9	19B(3): In determining whether it is satisfied the project is in the long-term financial interests of NSW electricity consumers under subclause (2), the consumer trustee must – (a) undertake a cost benefit analysis of the project in accordance with clause 19C and give primary consideration to the analysis, or (b) give primary consideration to the most recent infrastructure investment objectives report as at the time of the infrastructure planner's recommendation in relation to the authorisation.	Section 4.1
10	19B(4): If the quantitative measurements of the cost benefit analysis are negative, the consumer trustee may be satisfied the project is in the long-term financial interests of NSW electricity customers having regard to both the quantitative measurements and qualitative elements of the cost benefit analysis.	Not applicable for this decision

#	Requirement	Reference in this Statement of Reasons
11	19B(5): In making an authorisation, the consumer trustee is not required to— (a) investigate the accuracy of the infrastructure planner's recommendations about the project, or (b) consider technical information other than the information specified in clause 44.	Section 2
12	19C(1): A cost benefit analysis for an authorisation must consider the following— (a) the costs to the NSW electricity customers from the project, (b) the benefits to NSW electricity customers from generation and storage infrastructure connecting to the project, (c) the costs and benefits under different scenarios, (d) if required to understand the impact of uncertainty in the project's costs and benefits—a sensitivity analysis, (e) the costs or benefits from the expected change in greenhouse gas emissions as a result of the project, (f) the costs to finance the project, including interest costs.	Section 4.1
13	19C(2): The cost benefit analysis must— (a) not include scenarios inconsistent with the infrastructure investment objectives, and (b) not include an options analysis of alternatives or variants to the REZ network infrastructure projects recommended by the infrastructure planner, and (c) not assess distributional impacts or carry out a distributional analysis, and (d) not consider the costs and benefits to government or electricity producers as a result of the REZ network infrastructure project.	Section 2; Section 4.1
14	19C(3): The cost benefit analysis must be in accordance with the NSW Government Guide to Cost-Benefit Analysis published by the NSW Treasury on its website from time to time. 19C(4): If there is inconsistency between the requirements under subclauses (1) and (2) and the NSW Government Guide to Cost-Benefit Analysis, the requirements under subclauses (1) and (2) prevail.	Section 4.1
15	19E: If the consumer trustee refuses to authorise a REZ network infrastructure project it must give the infrastructure planner written reasons for the refusal.	Not applicable for this decision


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