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## Electricity Infrastructure Investment Regulation 2021

### Establishment of opening regulatory asset base for a regulatory control period

Notice is hereby given, under schedule 3.2 of the Electricity Infrastructure Investment Regulation 2021 (**Regulation**), that the value of the regulatory asset base is to be adjusted in accordance with this notice for the purpose of a cost recovery declaration made under clause 54B(1) of the Regulation.

#### 1. Definitions

- (1) Any terms defined in the Electricity Infrastructure Investment Act 2020 (**Act**) or the Regulation have the meaning set out in the Act or Regulation.
- (2) Any italicised terms have the meaning set out in the *Rules*.
- (3) **EII Act distribution assets** means assets that:
  - (a) form part of a network infrastructure project subject to a cost recovery declaration, and
  - (b) are specified in a cost recovery declaration to form part of a *distribution system* under the *Rules*.
- (4) **EII Act transmission assets** means assets that:
  - (a) form part of a network infrastructure project subject to a cost recovery declaration, and
  - (b) are specified in a cost recovery declaration to form part of a *transmission system* under the *Rules*.

#### 2. Establishment of opening regulatory asset base – distribution

- (1) This clause applies to:
  - (a) a *distribution system* of a *Distribution Network Service Provider* for which all or part is network infrastructure subject to a cost recovery declaration,
  - (b) the establishment of the value of the regulatory asset base for a *distribution system* referred to in paragraph (1)(a) for the first *regulatory control period* after the making of the cost recovery declaration.
- (2) In addition to the adjustments under clause S6.2.1(e) of the *Rules*, the previous value (as defined in clause S6.2.1(e)) of the regulatory asset base for the *Distribution Network Service Provider* must be adjusted by the value of the EII Act distribution assets in accordance with paragraph (3).
- (3) The value of the EII Act distribution assets is to be calculated by:
  - (a) starting with the value of the regulatory asset base of the EII Act distribution assets as at the beginning of the most recent revenue determination for the eligible network operator made under section 38 or 40 of the Act as determined under that revenue determination (the '**previous EII Act distribution RAB**'),
  - (b) adjusting the previous EII Act distribution RAB in accordance with the method under clause S6.2.1(e)(1) to (6) of the *Rules*, subject to the following modifications to clause S6.2.1(e):
    - (i) 'previous control period' means the period to which the most recent revenue determination for the eligible network operator made under the Act applies,

- (ii) 'previous value' means the value of the previous EII Act distribution RAB,
  - (iii) references to '*contingent projects*' (and parts of provisions relating to *contingent projects*) do not apply,
  - (iv) 'a pass through under clause 6.6.1' means an adjustment made in accordance with clause 51 of the Regulation under the most recent revenue determination for the eligible network operator made under the Act,
  - (v) 'AER' means the regulator appointed for the purposes of Part 5 of the Act, and
  - (vi) '*distribution determination*' means a revenue determination as defined in clause 3 of the Regulation, and
- (c) the value calculated in accordance with paragraphs (3)(a) and (b) may be adjusted in accordance with clause S6.2.1(g) of the *Rules* and any guidance published by the AER on the regulation of, and cost recovery for, *actionable ISP projects* as if the EII Act distribution assets were part of an *actionable ISP project*.

### 3. Establishment of opening regulatory asset base – transmission

- (1) This clause applies to:
- (a) a *transmission system* of a *Transmission Network Service Provider* for which all or part is network infrastructure subject to a cost recovery declaration,
  - (b) the establishment of the value of the regulatory asset base for a *transmission system* referred to in paragraph (1)(a) for the first *regulatory control period* after the making of the cost recovery declaration.
- (2) In addition to the adjustments under clause S6A.2.1(f) of the *Rules*, the previous value (as defined in clause S6A.2.1(f)) of the regulatory asset base for the *Transmission Network Service Provider* must be adjusted by the value of the EII Act transmission assets in accordance with paragraph (3).
- (3) The value of the EII Act transmission assets is to be calculated by:
- (a) starting with the value of the regulatory asset base of the EII Act transmission assets as at the beginning of the most recent revenue determination for the eligible network operator made under section 38 or 40 of the Act as determined under that revenue determination (the '**previous EII Act transmission RAB**'),
  - (b) adjusting the previous EII Act transmission RAB in accordance with the method under clause S6A.2.1(f)(1) to (6) of the *Rules*, subject to the following modifications to clause S6A.2.1(f):
    - (i) 'previous control period' means the period to which the most recent revenue determination for the eligible network operator made under the Act applies,
    - (ii) 'previous value' means the value of the previous EII Act transmission RAB,
    - (iii) references to '*contingent projects*' (and parts of provisions relating to *contingent projects*) do not apply,
    - (iv) 'a pass through under clause 6A.7.2 or clause 6A.7.3' means an adjustment made in accordance with clause 51 of the Regulation under the most recent revenue determination for the eligible network operator made under the Act,

- (v) 'AER' means the regulator appointed for the purposes of Part 5 of the Act, and
  - (vi) 'transmission determination' means a revenue determination as defined in clause 3 of the Regulation, and
  - (c) the value calculated in accordance with paragraphs (3)(a) and (b) may be adjusted in accordance with clause S6A.2.1(g) of the *Rules* and any guidance published by the *AER* on the regulation of, and cost recovery for, *actionable ISP projects* as if the EII Act transmission assets were part of an *actionable ISP project*.
- (4) Clause S6A.2.3 of the *Rules* does not apply to any assets covered by this clause.



30 November 2022

Alison Pepper  
Executive Director, Strategy & Implementation  
Office of Energy and Climate Change