

19 February 2026

Anna Collyer
Chair
Australian Energy Market Commission
Level 15,
60 Castlereagh Street
SYDNEY NSW 2000

Submitted via AEMC lodgement process

Dear Anna,

Rule change request: Streamlining the RIT-T process

Energy Networks Australia (**ENA**) is submitting the attached National Electricity Rule change request to streamline the application of the Regulatory Investment Test for Transmission (**RIT-T**). This submission is on behalf of the TNSPs. RIT-D reform could be considered as a separate exercise but is not the focus of this Rule change request.

Specifically, ENA is seeking two changes:

- To allow a RIT-T proponent, typically a Transmission Network Service Provider (**TNSP**), an exemption from applying the RIT-T to a replacement capital expenditure project, provided that there are no credible non-network or Standalone Power System (**SAPS**) options. To benefit from the RIT-T exemption, the TNSP would be required to publish a 'notice of determination' which explains its reasons for concluding that there are no credible alternatives to a network solution.
- To increase the cost threshold below which the RIT-T does not apply. The current applicable cost threshold is \$8 million, which means that relatively low cost transmission projects are subject to the resource intensive and time-consuming RIT-T process.

The reasons for proposing these changes are:

- Stakeholders are not engaging with RIT-Ts for replacement capital expenditure projects, contrary to the expectations when the current Rule was introduced in 2017.
- The current threshold of \$8 million is out-of-step with the costs of delivering transmission projects and the costs of preparing RIT-Ts.
- The preparation of the RIT-T documentation is resource intensive and diverts management effort to a compliance activity that is not adding value for consumers.
- A reduced regulatory burden will ultimately lead to lower costs for consumers and improved service outcomes, and avoid delays in project delivery.

ENA considers that these proposed changes will streamline the RIT-T process without diminishing focus on the prudence and efficiency of TNSP's capital expenditure projects. By reducing 'red tape', TNSPs and stakeholders can focus their attention on engagement activities that deliver genuine value. Streamlining the RIT-T will also reduce investment delays, particularly for those projects that have a shorter lead time. As such, the proposed changes can be expected to support the achievement of the National Electricity Objective, which is to promote efficient investment for the long-term benefit of consumers.

As explained in the attached Rule change proposal, the AEMC's decision taken in 2017 to extend the RIT-T to include replacement capital expenditure projects was finely balanced. For example, the AER argued for a more limited application of the RIT-T compared to the Rule that was ultimately adopted. Since then, the evidence shows that the expected benefits in extending the scope of the RIT-T to include replacement capital expenditure projects have not eventuated. With the benefit of hindsight, it is now apparent that the 2017 Rule change increased compliance costs, and delayed essential investment, without delivering any material consumer benefits.

ENA has engaged informally with stakeholders, including consumer representatives and the Clean Energy Council, to seek their feedback on this proposed Rule change. Some stakeholders questioned whether the proposed Rule change would deliver material benefits to consumers while preserving the prudence and efficiency of TNSPs' investment decisions. In addressing this query, ENA notes that there are strong disciplines on each TNSP to deliver capital expenditure prudently and efficiently, including through the application of the Capital Expenditure Sharing Scheme, which are not diminished by this proposed Rule change.

In response to stakeholder feedback, ENA has modified its Rule change proposal so that stakeholders are able to make a submission in response to the TNSP's notice of determination. These modifications provide further assurance that a RIT-T exemption will only be provided in relation to those replacement capital expenditure projects where there are no credible non-network or SAPS options. The draft provisions also make it clear that stakeholders are able to seek further information from the TNSP in relation to the proposed project, even if the project benefits from a RIT-T exemption, and to raise a dispute with the AER if the TNSP's reasoning and conclusions are not valid.

In terms of consumer benefits, ENA considers it important to seize opportunities to reduce the regulatory burden where it is shown not to be delivering value to consumers. In this regard, in addition to revisiting the earlier decision to apply the RIT-T to all replacement capital expenditure projects, ENA invites the AEMC to review the threshold amount that triggers the application of the RIT-T. At \$8 million, ENA is concerned that the current threshold requires the RIT-T to be applied to relatively low cost transmission projects and, therefore, fails to balance the costs and benefits of undertaking the RIT-T process.

ENA looks forward to working with you and your team in relation to this Rule change request. Any questions on this Rule change request should be directed in the first instance to Russell Pendlebury by email, to rpendlebury@energynetworks.com.au.

Yours sincerely,

A handwritten signature in blue ink that reads "D van den Berg".

Dominique van den Berg
Chief Executive

1. Statement of the issues to be addressed

The current National Electricity Rules (**the Rules**) require that:

- The RIT-T applies to all capital expenditure projects that exceed \$8 million (**RIT-T projects**), including replacement capital expenditure projects;
- For each RIT-T project, the RIT-T proponent (typically the TNSP) must publish a Project Specification Consultation Report (**PSCR**);
- The RIT-T proponent must publish a Project Assessment Draft Report (**PADR**) unless the proposed expenditure falls below \$54 million; and
- A Project Assessment Conclusions Report (**PACR**) must be published for all RIT-T projects.

ENA has identified two opportunities to streamline these arrangements so that they better balance the costs and benefits of applying the RIT-T. Specifically, ENA considers that:

- The application of the RIT-T to replacement capital expenditure projects creates compliance costs that are not justified by the benefits; and
- The cost threshold of \$8 million is out-of-step with the costs of delivering transmission projects and the costs of preparing RIT-Ts, for the reasons set out below.

We address each of these issues in turn.

Applying the RIT-T to replacement capital expenditure projects

The statement of issue is summarised in Box 1 below:

Box 1: Statement of issue – Application of RIT-T to replacement capital expenditure projects

The evidence shows that the application of RIT-T to replacement capital expenditure projects is not delivering sufficient value to stakeholders to justify the time and costs incurred in conducting the RIT-T analysis and preparing the documentation. The AEMC's decision in July 2017 to extend the scope of the RIT-T to include replacement capital expenditure projects has not had the expected benefits, and the resources currently engaged in applying the RIT-T would be better redirected to value-adding activities for the benefit of consumers.

In July 2017, the AEMC made a Rule determination that extended the RIT-T so that it applies to replacement as well as augmentation capital expenditure.¹ The AEMC's Rule determination to extend the RIT-T was in response to a Rule change request submitted by the AER on 30 June 2016. At that time, the AER argued that the changes to the RIT-T were warranted because:²

- There was a need for greater transparency and consultation on replacement capital expenditure.
- Replacement capital expenditure was expected to be a higher proportion of total capital expenditure in the foreseeable future, and so replacement expenditure should face increased scrutiny.

¹ [AEMC Rule determination, Replacement Expenditure Planning Arrangements, July 2017](#)

² [AER Rule change request, Replacement Expenditure Planning Arrangements, June 2016](#), pages 7-9.

- The improved availability of distributed energy resources and demand management was expected to provide additional credible alternative options for replacement projects.

The AER also commented that, to ensure the extension of the RIT-T does not create an unnecessary regulatory burden, it should not apply to like-for-like replacement projects.³ Ultimately, however, the AEMC did not adopt the AER's proposed exclusions, and instead required the RIT-T to apply to all replacement projects above the RIT-T cost threshold. The AEMC explained that its approach would be easier to administer, and that the regulatory burden of undertaking a RIT-T was not expected to be significant.⁴

ENA notes that TNSPs and stakeholders have been applying the new Rules for approximately 8 years, and it is timely to examine and report on the effectiveness of those changes. In particular, there is now sufficient evidence available to consider whether stakeholders have engaged with the RIT-T consultative process for replacement capital expenditure projects.

Stakeholders have the following opportunities to engage with the RIT-T process:

- Submissions are invited on the PSCR, which is the first stage of the RIT-T process. A PSCR is required for each RIT-T project except for an actionable ISP project.
- If a PADR is required, stakeholders are invited to make a submission. For projects that are less than \$54 million, the TNSP may be exempt from publishing a PADR. In that case, the TNSP proceeds from the PSCR to the PACR, which concludes the RIT-T process.

Since 2017, TNSPs have published 124 PSCRs relating to replacement capital expenditure projects, and 20 PADRs. The table below shows that stakeholders have infrequently made submissions to these PSCRs and PADRs. Submissions were only received in relation to:

- 10 projects out of a total of 124 projects where PSCRs were published; and
- 3 projects out of 20 projects where PADRs were published.

In summary, in response to a total of 144 PSCRs and PADRs where submissions could have been made, stakeholders made submissions in 13 cases, and no submissions were received in 131 cases. A breakdown of this information is provided in the table below.

Table 1: Submissions received in response to PSCRs and PADRs for replacement capex projects

TNSP	Number of PSCRs published	Number of projects where submissions to PSCR were received	Number of PADRs published	Number of projects where submissions to PADR were received
Powerlink	32	2	3	1
Ausnet	17	1	13	2
ElectraNet	16	2	0	0
Transgrid	54	4	4	0
TasNetworks	5	1	0	N/A
Total	124	10	20	3

³ [AER Rule change request, Replacement Expenditure Planning Arrangements, June 2016](#), page 3.

⁴ [AEMC Rule determination, Replacement Expenditure Planning Arrangements, July 2017](#), page 68.

ENA has reviewed the submissions that were received in relation to the replacement capital expenditure projects and note the following points:

- None of the submissions resulted in a change to the preferred option and no disputes arose in relation to any of the RIT-Ts.
- Two of the three projects where submissions were received in response to PADR related exclusively to commentary on non-network options. Under ENA's proposed Rule change, these projects would continue to be subject to the full RIT-T. The submission to the remaining project was supportive of the TNSP's approach and, therefore, did not raise any material issues.
- Five of the ten projects where submissions were received in relation to PSCRs related exclusively to non-network solutions. The submissions to the remaining four projects commented on a range of issues, including:
 - the importance of providing clear information on the costs of alternative options and demonstrating that the proposed investment will deliver value for money; and
 - government policy regarding renewables, landholder issues and bushfire risks.

While ENA values all stakeholder submissions, by any objective measure attracting submissions to only 13 of the 144 documents produced for public consultation reflects a low level of stakeholder engagement. A substantially higher level of engagement was expected when the decision to extend the application of the RIT-T to replacement capital expenditure projects was made by the AEMC. In particular, the AEMC commented that:⁵

“[the extension of the RIT-T process to replacement capital expenditure] provides a consistent framework for non-network providers and network users to be informed on and engage in decisions regarding all significant investment in networks. It is anticipated that as a result of the process and the greater involvement of non-network providers and network users, more efficient network investment decisions can be made.”

ENA considers that the evidence of low stakeholder engagement on replacement capital expenditure projects provides an opportunity to streamline the RIT-T process and reduce the regulatory burden. Consumers are the ultimate beneficiaries if management and stakeholder resources can be re-directed towards value-adding activities.

ENA's proposed Rule change will continue to require the RIT-T to apply to replacement capital expenditure projects where there are non-network and SAPS options. This approach will preserve the value from engagement on these matters. The proposed Rule change will also reduce the risk that the application of the RIT-T delays the delivery of replacement projects, which tend to have much shorter lead times and fewer planning constraints compared to augmentation projects. Based on the historical data, and noting that future projects will differ from historical ones, ENA estimates that approximately 100 of the 124 projects identified in Table 1 would have benefited from a RIT-T exemption under the proposed Rule.

⁵ [AEMC Rule determination, Replacement Expenditure Planning Arrangements, July 2017](#), page 17.

Cost threshold

The statement of issue is summarised in Box 2 below:

Box 2: Statement of issue – Cost threshold

The cost threshold was originally set at \$5 million in 2008, so that the RIT-T only applied to transmission projects that were sufficiently material in terms of scope to justify the costs and time required to undertake the RIT-T analysis and publishing the documentation. The current threshold has been increased to \$8 million, which is a modest change over a 17-year period. In contrast, the costs of transmission projects have increased substantially, with AEMO indicating increases of up to 55% over the most recent 2-year period alone. As such, the current threshold will only exclude very minor transmission projects, so that the RIT-T is not directed to the material projects that warrant the costs of undertaking the RIT-T analysis and publishing the documentation.

The Rules require a RIT-T to apply to a project where the expected costs exceed a threshold amount. In addition to the proposal to provide an exemption for qualifying replacement capital expenditure projects, it is timely to consider whether the threshold amount (which will apply principally to augmentation projects) is appropriate. In particular, the threshold amount remains important in ensuring that the RIT-T applies only to sufficiently large transmission projects, where the consultation process is likely to yield sufficient benefits to justify the resources and time required to complete the RIT-T.

In accordance with the Rules, the AER is required to review the cost threshold every three years to take account of the changes in the input costs for transmission projects to maintain the appropriateness of the thresholds over time. The current threshold amount was originally set at \$5 million in 2008.⁶ In its most recent decision in November 2024, the AER considered the producer price index for construction which led to a 19% increase in the threshold from \$6 million, which applied in 2021, to \$8 million (rounded up from \$7.8 million).

While ENA considers that the AER has adopted a reasonable approach in updating the original threshold value of \$5 million in 2008, it is timely to make a ‘top-down’ assessment as to whether the \$8 million threshold is appropriate given the substantial changes in transmission costs. For example, in its Draft 2025 Electricity Network Options Report, AEMO estimated the following substantial increases in costs compared to the estimates prepared for its 2024 Integrated System Plan:⁷

- increases of 25% to 55% in real costs for overhead transmission line projects; and
- increases of 10% to 35% in real costs for transmission substation projects.

While this 2-year period has been particularly challenging in terms of cost increases, it illustrates that the increase in the threshold from \$5 million to \$8 million over the 17-year period from 2008 to 2025 is out-of-step with current project costs. The current threshold means that minor transmission projects will be subject to the RIT-T, even though the consultation and engagement process is highly unlikely to lead to an improved investment decision. ENA is mindful that the setting of an appropriate threshold for application of the RIT-T is a complex, multi-faceted decision that may include the following considerations:

- the value that stakeholders place on the additional engagement and transparency provided by the RIT-T process;

⁶ [AEMC, Regulatory Test Thresholds and Information Disclosure on Network Replacements, Rule Determination](#), 23 October 2008.

⁷ [AEMO, Draft Electricity Network Options Report](#), page 5.

- whether the RIT-T process is likely to yield an improved investment decision;
- the likely number of projects that would be subject to the RIT-T;
- the regulatory burden in undertaking the RIT-T, including management time, engagement by stakeholders and the AER's costs in monitoring and assessing compliance; and
- the potential delay costs in delivering smaller transmission projects, noting that the need for such investments can arise at relatively short notice.

ENA recognises that the AEMC is best placed to make an assessment given the range of views and matters to consider. While noting this complexity, ENA considers that there is a strong case for increasing the existing threshold amount so that it better promotes the achievement of the National Electricity Objective. If the AEMC concludes that the current threshold should be increased, this could be achieved by making minor changes to clauses 5.16.3(a)(2) and 5.16.3(a)(5) to refer to the new threshold amount and consequential changes would be required to clauses 5.15.3 and 5.10.2.⁸

2. Description of the proposed Rule change

As explained in the previous section, there is an opportunity to streamline the application of the RIT-T in relation to replacement capital expenditure projects for the benefit of consumers. In particular, the case for change is supported by the low level of stakeholder engagement in relation to RIT-Ts for replacement capital expenditure projects.

ENA's proposed Rule change, however, would not apply a blanket exemption to all replacement capital expenditure projects, which would return the arrangements to those that applied prior to 2017. Instead, ENA proposes that a RIT-T exemption would only apply to replacement capital expenditure projects if the following conditions are satisfied:

- The RIT-T proponent (i.e., the TNSP) has concluded that there are no credible non-network or SAPS options to address the identified need; and
- The RIT-T proponent publishes a notice of determination which describes the project and explains why the RIT-T proponent has concluded that there are no credible non-network or SAPS options.

ENA notes that the concept of a 'notice of determination' is already in place for distribution projects, although its application is specific to the RIT-D process which differs from the RIT-T. ENA considers that it is reasonable to adapt these arrangements for the purpose of granting a RIT-T exemption for eligible replacement capital expenditure projects. In particular, the proposed Rule change amends clause 5.16.3 of the Rules as follows:

- Add new clause (a)(4), which provides the RIT-T proponent with an exemption from the applying RIT-T if the proposed expenditure is a replacement capital expenditure project that meets the requirements of new clause (f).
- Add new clauses (f) and (g), which provides a replacement capital expenditure project with a RIT-T exemption if the RIT-T proponent determines that there are no credible non-network or SAPS options to address the identified need. The RIT-T proponent is also required to publish a notice of determination, which sets out the reasons for its

⁸ These consequential amendments are required to sub-clauses in 5.15.3(b) that currently refer to \$5 million, which was the original threshold that has been subsequently increased to \$8 million. A further consequential change may be required to clause 5.15.3(a) to ensure that future AER revisions to the new threshold refer to the date of the AEMC's Rule determination which establishes the new threshold. The definition of *potential transmission project* in clause 5.10.2 would also need to be amended as it too refers to \$5 million.

determination, including any methodologies and assumptions it used in making its determination.

- Stakeholders are able to contact the RIT-T proponent in relation to its notice of determination to seek further information in relation to the proposed project or to make a submission in response to the notice. If, in the reasonable opinion of the RIT-T proponent, a stakeholder identifies a credible non-network or SAPS option, the capital expenditure project will not benefit from a RIT-T exemption. The proposal to allow stakeholders to make a submission in response to the notice of determination goes further than the equivalent provision in relation to the RIT-D⁹, which does not provide for stakeholder submissions.
- Add new clause (j), which requires the RIT-T proponent to publish its response to any submission received if it concludes that a non-network or SAPS option proposed by a stakeholder is not credible and, therefore, the project benefits from a RIT-T exemption.

The proposed Rule also provides for a dispute to be lodged, by amending clause 5.16B, as follows:

- Adding clause 5.16B(a1) allows any stakeholder to lodge a dispute with the AER in relation to the RIT-T proponent's reasons for not accepting that a proposed non-network or SAPS option is credible.
- Adding new clauses 5.16B(a1) and (a2) which requires the AER to make a determination within 40 days of a receipt of the dispute notice.

In preparing this Rule change proposal, ENA has engaged informally with stakeholders, including consumer representatives and the Clean Energy Council, to seek feedback. Some stakeholders questioned whether the proposed Rule change would deliver material benefits to consumers while preserving the prudence and efficiency of the TNSPs' investment decisions. As explained above, the proposed streamlining of the RIT-T process will maintain stakeholder engagement while eliminating 'red tape' which is not adding any value for consumers. ENA also notes that the incentives to deliver prudent and efficient investment, including the application of the Capital Expenditure Sharing Scheme, will not be diminished by this Rule change.

In response to stakeholder feedback ENA has modified the original draft Rule provisions to:

- provide for stakeholders to make submissions in response to the notice;
- require the RIT-T proponent to publish its response to any submissions that identify a non-network or SAPS option, where the RIT-T proponent does not consider that option to be credible (or otherwise the RIT-T proponent must proceed with the RIT-T); and
- allows any stakeholder to raise a dispute if it does not accept the RIT-T proponent's reasons.

These modifications provide further assurance that a RIT-T exemption will only be provided in relation to those replacement capital expenditure projects where there are no credible non-network or SAPS options. The draft provisions also make it clear that stakeholders are able to seek further information from the TNSP in relation to the proposed project, even if the project benefits from a RIT-T exemption. ENA considers that these additional provisions should provide additional assurance that transparency and stakeholder engagement will not be compromised by the adoption of the proposed Rule change.

The attachment to this submission sets out the proposed Rule drafting in further detail.

⁹ Clause 5.17.4(d).

In relation to the cost threshold, as already noted, ENA is not proposing a specific threshold amount in this Rule change request. Instead, ENA considers that the AEMC is best placed to revisit the existing threshold amount so that it better promotes the achievement of the National Electricity Objective.

3. How does the Rule change contribute to the National Electricity Objective?

The National Electricity Objective (NEO) is to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to—

- (a) price, quality, safety, reliability and security of supply of electricity;
- (b) the reliability, safety and security of the national electricity system;
- (c) the achievement of targets set by a participating jurisdiction –
 - i. for reducing Australia’s greenhouse gas emissions; or
 - ii. that are likely to contribute to reducing Australia’s greenhouse gas emissions.

The proposed Rule change will contribute to this objective by reducing the regulatory burden on TNSPs and, to a lesser extent, the AER in its monitoring and compliance role, without any adverse impact in terms of price, quality, safety, reliability and security of supply. A RIT-T process typically takes several months to complete and requires significant input in the preparation and approval of each published document. By reducing the regulatory burden and reducing the risk of project delays, the proposed Rule will promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity.

ENA considers that the low level of stakeholder response to RIT-Ts for replacement capital expenditure provides an opportunity to re-direct scarce resources required to conduct analysis, develop and review the required documentation to higher value-adding activities. As a consequence, the Rule change will achieve an efficiency improvement compared to the status quo, for the benefit of consumers.

4. Costs, benefits and expected impacts of the proposed Rule change

A Rule change request must provide an explanation of the expected benefits and costs of the proposed change and the potential impacts of the change on those likely to be affected.¹⁰ In accordance with these requirements, ENA notes that the benefits of the Rule change are:

- It will reduce the costs of complying with the RIT-T requirements and allow resources to be re-directed to activities that will create additional consumer value.
- It ensures that consultation with stakeholders is better focused on matters where there is an opportunity for genuine engagement, rather than being driven by compliance obligations.
- It ensures that non-network and SAPS proponents remain informed about all transmission projects, including those where the TNSP has concluded that there are no credible substitution opportunities to a network solution.

¹⁰ National Electricity (South Australia) Regulations under the National Electricity (South Australia) Act 1996, section 8.

In relation to the costs of the Rule change, there are not expected to be any costs apart from the AEMC's costs of assessing and implementing the proposed changes. As the proposed Rule will reduce the regulatory burden, there are no cost consequences for market participants.

ENA notes that the proposed Rule change will maintain the requirement to apply a RIT-T to those replacement capital expenditure projects where there are credible non-network or SAPS options to address the identified need. The drafting modifications that ENA has made in response to stakeholder feedback, described in section 3, ensures that stakeholders are able to engage with the RIT-T proponent in relation to replacement capital expenditure projects that benefit from a RIT-T exemption. These provisions maintain the benefits obtained from active stakeholder engagement and ensure transparency in each TNSP's investment plans.

Attachment - Proposed Rule change

5.16.3 Investments subject to the regulatory investment test for transmission

Amending clause 5.16.3(a), by adding new clause (4) as follow:

- (a) A *RIT-T proponent* must apply the regulatory investment test for transmission to a *RIT-T project* except in circumstances where:
 - (1) the *RIT-T project* is required to address an urgent and unforeseen *network* issue that would otherwise put at risk the *reliability* of the *transmission network* as described in paragraph (b);
 - (2) the estimated capital cost of the most expensive option to address the *identified need* which is technically and economically feasible is less than \$5 million (as varied in accordance with a *cost threshold determination*);
 - (3) the proposed expenditure relates to maintenance and is not intended to *augment* the *transmission network* or replace *network assets*;
 - (4) the proposed expenditure is a replacement capital expenditure project that benefits from a RIT-T exemption in accordance with clause 5.16.3(f); and
 - (5) [...]

Amending clause 5.16.3, by adding new clauses (f), (g), (h), (i), (j) and (k) as follow:

- (f) Subject to clause 5.16.3(i), a replacement capital expenditure project benefits from a RIT-T exemption if a *RIT-T proponent* determines on reasonable grounds that there will not be a *non-network option* or a *SAPS option* that is a *potential credible option*, or that forms a significant part of a *potential credible option*, for the *RIT-T project* to address the *identified need*.
- (g) If a *RIT-T proponent* makes a determination under clause 5.16.3(f), then as soon as practicable after making the determination it must *publish* a notice that:
 - (1) sets out the reasons for its determination, including any methodologies and assumptions it used in making its determination;
 - (2) must seek submissions on the notice from *Registered Participants*, *AEMO* and *interested parties*; and
 - (3) provides contact details for stakeholders to make enquiries regarding the proposed project.
- (h) The period for consultation referred to in paragraph 5.16.3(g)(2) must be not less than 4 weeks from the date that the *RIT-T proponent* publishes the notice.
- (i) If, in the reasonable opinion of the *RIT-T proponent*, a submission in response to the notice published in accordance with paragraph 5.16.3(g) identifies a *non-network option* or a *SAPS option* that is a *potential credible option*, or that forms a significant part of a *potential credible option*, the relevant replacement capital expenditure project will not benefit from a RIT-T exemption.
- (j) If a *non-network* or *SAPS option* identified in a submission in response to the notice published in accordance with paragraph 5.16.3(g) is considered by a *RIT-T proponent* not to

be a credible option, the *RIT-T proponent* must publish its reasons for that conclusion within 10 weeks of the closing date for submissions.

- (k) For the purposes of clause 5.16.3(f), a project is classified as a replacement capital expenditure project if the *augmentation* component of the proposed expenditure is less than \$5 million (as varied in accordance with a cost threshold determination).

[Notes:

The proposed drafting in clause 5.16.3(k) is consistent with the Rules that applied prior to the 2017 Rule determination, which allowed replacement capital expenditure to be excluded from the RIT-T provided that the augmentation component was less than the threshold amount.

A consequential change would be required to clause 5.15.3(b) to refer to new clause 5.16.3(j), so that the threshold amount may be amended periodically by the AER in accordance with clause 5.15.3.]

Amending clause 5.16B, by adding new clauses (a1), (a2), and (a3) as follow:

(a1) Registered Participants, the AEMC, Connection Applicants, Intending Participants, AEMO and interested parties may, by notice to the AER, dispute the reasons and conclusions published in relation to the *non-network or SAPS options* in accordance with paragraph 5.16.3(g).

(a2) Within 30 days of the date of publication in accordance with clauses 5.16.3(g), the party disputing the reasons and conclusions provided by *the RIT-T proponent*, a disputing party must:

- (1) give notice of the dispute in writing setting out the grounds for the dispute (the dispute notice) to the AER; and
- (2) at the same time, give a copy of the dispute notice to the *RIT-T proponent*.

(a3) Within 40 days of receipt of the dispute notice, the *AER* must either:

- (1) reject any dispute by written notice to the person who initiated the dispute if the *AER* considers that the grounds for the dispute are misconceived or lacking in substance; and
- (2) notify the *RIT-T proponent* that the dispute has been rejected; or
- (3) make and publish a determination stating that:
 - a. the project does not benefit from a *RIT-T* exemption; or
 - b. stating that, based on the grounds of the dispute, the project benefits from a *RIT-T* exemption.