

30 March 2026

Stephen Harrison

Manager, Markets Transition
Australian Energy Market Operator
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Via: NEMReform@aemo.com.au

Dear Mr Harrison

Consultation on Settlements Residue Auction Rules

Hydro Tasmania welcomes the opportunity to provide feedback on AEMO's consultation for the Settlement Residue Auction (SRA) Rules for Basslink.

In May 2023, Basslink's owner, APA Group, lodged an application with the AER to convert Basslink's network services from market network services to prescribed transmission services. The AER published a final decision on 26 June 2025 to accept Basslink's application to convert Basslink to a prescribed transmission service from 1 July 2026.

Following the AER's final revenue decision on 27 February 2026, APA Group has lodged a notice with AEMO under clause 2.10.1(a) of the National Electricity Rules (NER) stating that Basslink Pty Ltd "intends to cease its registration category as a Market Network Service Provider from the 01 July 2026". The lodgement of this notice provides the market with the certainty that APA Group intend for Basslink to operate as a regulated interconnector.

AEMO is conducting this SRA rules consultation to enable the Basslink interconnector to be incorporated into the settlement residue auction process ahead of the commencement of regulation on 1 July 2026. AEMO is also proposing to amend the auction expense fee calculation methodology.

Hydro Tasmania support's AEMO's proposed changes outlined in the consultation paper including:

- The establishment of new unit categories for Basslink (VIC-TAS and TAS-VIC).
- That the initial quantity of units auctioned to be equal to the full nominal capacity of Basslink (rather than as a staged approach).
- Supports the first auction of settlement residues to occur in June 2026 in advance of Basslink commencing regulation from 1 July 2026. This will enable the market to have a clear process for unit residue auctions ahead of regulation which will promote efficiency and interstate trade.



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- The proposed changes to the auction fee methodology are a simpler approach and a practical response to set fees prior to the initial auction for Basslink and Project Energy Connect (PEC).

Hydro Tasmania appreciates AEMO's proactive approach to consulting with industry on the SRA process and supports the work that AEMO is undertaking to ensure a smooth transition to a regulated Basslink. Please contact John Cooper with any questions.

Yours sincerely

Vedran Kovac

Executive GM Commercial

