

Network Capacity Allocation Policy

Load connections

Context

Transgrid is currently managing a high volume of applications for load connections to the Transgrid network. These applications are at different stages of the NER Chapter 5 connection process and are competing for scarce existing transmission capacity. Proponents are understandably seeking early certainty on the prospects of their application to support commercial and construction decisions. At the same time, Transgrid needs to manage network planning assumptions consistently and transparently, particularly where recognition of one project materially affects the capacity available to others.

The Transgrid policy described in this document addresses these issues and sets a clear standard for when transmission capacity is allocated to specific load applications for planning purposes.

Policy application

This policy applies to any *relevant large load*, meaning an inverter-based load greater than or equal to 30MW or 30MVA consistent with the AEMC's draft rule change for large data centre connections in the Improving the NEM access standards – Package 2 rule change. This policy will be applicable when a relevant large load is seeking to enter into a Network Connection Agreement (**NCA**) with Transgrid and specifically in two scenarios:

1. A proponent has entered into a NCA with Transgrid **prior** to the finalisation of performance standards for that load; **or**
2. A proponent has entered into a NCA and performance standards have been finalised

This policy sets the conditions under which Transgrid will allocate capacity available on its network to that connection applicant. The allocation of capacity will consider any committed augmentations as well as any augmentations to be funded by the applicant. The quantum of allocated capacity will be equal to the capacity agreed in the NCA. This policy does not apply to applications for access (or similar) rights under the *Electricity Infrastructure Investment Act 2020 NSW*.

Policy for network capacity allocation

Connection process and network capacity allocation

This policy does not supersede the connection process as set out in Chapter 5 of the National Electricity Rules (**NER**), and Transgrid will respond and process connection enquiries in accordance with the framework set out in clause 5.3 of the NER. This policy outlines the circumstances **when** Transgrid will allocate capacity on the transmission network for a load connection.

Criterion 1 through 5 are aligned with the criteria used by the Australian Energy Regulator (**AER**) and the Australian Energy Market Operator (**AEMO**) to define when a project is committed for planning and forecasting purposes.¹ The criteria have been adapted to reflect the characteristics applicable to large load

¹ As applied in the AER's Regulatory Investment Test for Transmission, the AER's Cost Benefit Analysis Guidelines and AEMO's Integrated System Plan

developments seeking transmission capacity allocations. The criteria will be assessed against the capacity to be reflected in the NCA.

Entering into a NCA and capacity allocation

To provide connection applicants with assurance and comfort for their overall project, the parties may enter a conditional NCA (“conditional” because the performance standards are still outstanding and need to be finalised before the NCA may be considered a finalised ‘connection agreement’ for the purposes of the NER). Transgrid will execute such a conditional NCA (following agreement of the NCA’s terms and conditions) if proponents can demonstrate:

- meaningful progress against the *first five* criteria recorded in Table 1; and
- fulfillment of criterion 6.

Alternatively, the parties may also enter a NCA in accordance with the process set out in Chapter 5 of the Rules following agreement of the relevant performance standards for the load.

In both cases, Transgrid will **provisionally** allocate the relevant transmission capacity to a proponent for their load connection for the purposes of network planning upon the execution of the NCA by both Transgrid and the proponent. The allocation of capacity becomes final **if and only if** criterion 1 through 5 set out in the below table are fully satisfied within 3 months of NCA execution.

Readiness assessment

Table 1 sets out the readiness assessment and evidence expected. This readiness assessment is applicable to current and potential future expansions of capacity at the same connection point.

Table 1: Transmission capacity allocation criteria for load applications

#	Criteria	Readiness assessment
1	Permits	- State Significant Development Application (SSDA) or Development Approval (DA) has been approved and is evident in the NSW Planning Portal decision or via similar sources; and - the above approval reflects load capacity that is commensurate with the capacity agreed in the NCA. Where this is not the case, an approved SSDA or DA variation has been granted; and - Foreign Investment Review Board or FIRB approval (if required) has been granted.
2	Construction	- construction contracts for data centre infrastructure work commensurate with the capacity agreed in the NCA have been awarded; or - an executed underwriting agreement for early or preliminary works specifies a data centre infrastructure work scope commensurate with the capacity agreed in the NCA.
3	Land	the ownership / purchase / settlement / acquisition / lease of the real estate property for the purposes of developing a facility commensurate with the capacity agreed in the NCA.
4	Long lead equipment	- major equipment procurement contracts have been executed with the OEM supplier(s) for a grid connection commensurate with the capacity agreed in the NCA; or - an executed underwriting agreement for early or preliminary works that specifies major equipment for electrical/grid connection commensurate with the capacity agreed in the NCA.
5	Financing	- the signed Parent Company Guarantee (PCG) or Bank Guarantee (BG) to develop the load facility commensurate with the capacity agreed in the NCA; or - the proponent's Board approval to proceed to develop the load facility commensurate with the capacity agreed in the NCA.
6	Performance standards	Transgrid has accepted for review a complete set of 'Connection Application' information consistent with NER Chapter 5 requirements from the load proponent.

Loss of allocated transmission capacity

A proponent may lose its transmission capacity allocation if the NCA is terminated. The NCA may be terminated if the proponent does not have performance standards accepted by AEMO and Transgrid in accordance with Chapter 5 of the NER within 6 months of signing the conditional NCA, or if the proponent has not satisfied criterion 1 through 5 within 3 months of NCA execution. These conditions are also reflected in the NCA.

Effective date: This policy is effective as of 14 August 2026. It may be reviewed and updated periodically to reflect changing market circumstances and regulatory requirements.

Any questions can be directed to the Transgrid Customer Relations team at connections@transgrid.com.au