



TransGrid

2023-28 Stakeholder Engagement Plan

28 June 2021

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1. Overview

Engagement is integral to our business. We engage with a diverse group of stakeholders on strategic, project and operational matters. Our ongoing engagement program includes (but is not limited to) formal and informal engagement with:

- > TransGrid's Advisory Council (TAC), involving customer representative groups, direct customers and others
- > individual customers
- > Federal, NSW, ACT and local governments
- > regulatory bodies including the Australian Energy Regulator (AER), the Australian Energy Market Operator (AEMO), the Australian Energy Market Commission (AEMC), the Energy Security Board (ESB) and the NSW Independent Pricing and Regulatory Tribunal (IPART)
- > local communities including councils, chambers of commerce, indigenous community groups, EWON and others
- > peak bodies and trade unions including NSW Farmers Association and the Electrical Trades Union, and
- > almost 17,000 landowners who currently host infrastructure on their land.

Over the last 12 to 18 months, we have undertaken extensive engagement including:

- > Major ISP Projects such as Project EnergyConnect, HumeLink, the Queensland to New South Wales Interconnector (QNI) and the Victoria to New South Wales Interconnector (VNI Minor)
- > policy matters including reviews by the AEMC, consultation by the ESB, the NSW Electricity Strategy, the NSW Transmission Infrastructure strategy, and Energy Ministers' forums
- > BAU activities including quarterly TAC meetings, the Transmission Annual Planning Report (TAPR)¹, the Energy Charter annual performance², generation developers / connection applicants, network maintenance and outage planning, and Regulatory Investment Tests – Transmission (RIT-Ts), and
- > regulatory matters including submissions on numerous regulatory issues each year such as inflation, ring-fencing arrangements, actionable ISP guidelines, and the 2022 rate of return instrument (RORI).

We have engaged with the TAC on the matters outlined above as well as other topical matters impacting our operations, including the impact of COVID-19 and energy usage. At the August 2020 TAC meeting, we:

- > sought input on our 2021 Network Vision, and
- > presented our forecast capex for the next 15 years. This identified the difference between ISP related and BAU capex highlighting the challenges that this may present.

These engagement topics are relevant to our 2023-28 reset and ensure that the TAC members are well informed of the drivers of our business operations.

Our ongoing BAU engagement provides us with a good understanding of what stakeholders care about and the likely areas of interest for our 2023-28 Revenue Proposal. Our engagement approach for the 2023-28 revenue reset will leverage our ongoing engagement activities to provide stakeholders and the AER with information, and to seek their views on the revenue proposal as efficiently as possible.

¹ The TAPR provides an update on the performance of the network, observed trends, and proposed augmentation.

² As a signatory to the Energy Charter, we produce an annual disclosure report on its performance against the principles of the Charter.

Table 1 provides a high-level overview of the consultation approach to our 2023-28 revenue proposal. More detail is contained in this document.

This document does not cover the engagement approach following the submission of the initial revenue proposal to the AER in January 2022, which will be the subject of a separate paper at that time. It is expected that like other network service providers (NSPs), the nature of our reset engagement will evolve over time and will be informed by the responses of stakeholders and the AER to the initial revenue proposal.

Table 1: Proposed engagement approach for our 2023-28 Revenue Proposal

Channel	Form of use	Frequency out to Feb 2022
TAC	<p>To advise and endorse our proposed engagement approach</p> <p>Primary channel for high-level reset engagement</p> <p>Addition of temporary members to provide further breadth and depth to consultation</p> <p>Other stakeholders including the AER and AER Consumer Challenge Panel (CCP) may be invited to attend TAC meetings from time to time.</p>	Monthly
Deep dive workshops (part of the TAC meetings)	Deep dive workshops will be available for members of the TAC and other stakeholders where more detailed discussions on key aspects of the revenue reset will be facilitated.	2+
One-on-one	<p>We will arrange one on one meetings on reset engagement issues with our large energy users and use that feedback in the development of our proposal.</p> <p>We will also meet on an individual basis with key industry, government and customer group representatives to address specific areas of interest.</p>	As required
Surveys and formal research	We will research the views of end customers on the issues that are important to them through surveys, focus group research and interviews, including gathering feedback on specific aspects of our proposal.	N/A
Annual Transmission Planning Forum	We will facilitate a presentation to industry and stakeholders on our Network Vision and 10 year planning horizon for the network. The forum will provide a valuable opportunity to discuss the future needs of the network and to collect feedback on our process and assumptions to improve our planning.	1

2. 2023-28 reset engagement consultation

This document sets out our proposed approach to customer engagement for our initial 2023-28 revenue proposal including:

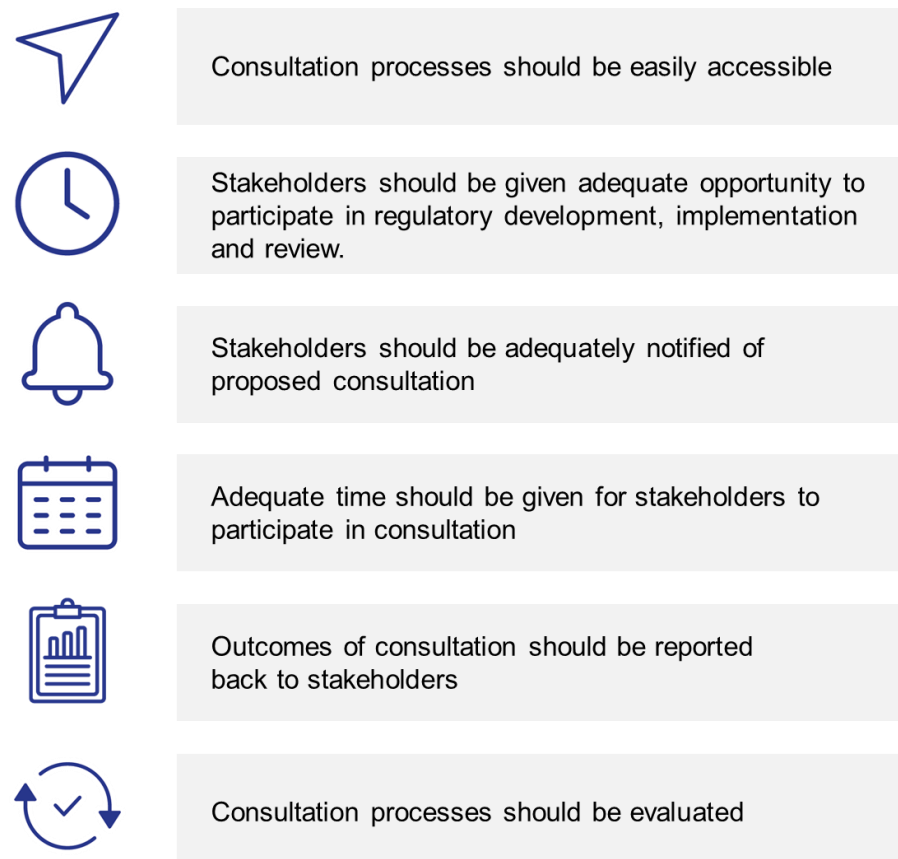
- > our objectives, principles and criteria for engagement (set out below);
- > the scope of our reset engagement (section 3);
- > potential engagement channels (section 4);
- > the proposed TAC engagement plan (section 5); and
- > how we propose to evaluate our reset engagement (section 6).

We encourage feedback from the TAC on our proposed approach which will be incorporated into our final reset engagement plan.

2.1 Our engagement approach

Figure 1 sets out our overall engagement approach. A core feature is meaningful and well informed engagement with our stakeholders that we can reflect in our 2023-28 Revenue Proposal.

Figure 1: Our approach to the reset engagement



The rest of this section sets out our engagement objectives, principles and proposed criteria to identify matters for engagement.

2.2 Engagement objectives

The reset engagement must meet the expectations of our customers, stakeholders and the AER. In addition, the approach to engagement must be mindful that stakeholders have different interests and time constraints.

Our engagement objectives are to:

- > put customers at the centre of everything we do
- > give stakeholders real opportunities to influence and collaborate on outcomes where possible, and
- > deliver a deeper and broader engagement program

To achieve these engagement objectives for customers and stakeholders, we will:

- > consult and engage via a detailed, agreed engagement program
- > consult on matters of interest to customers and stakeholders
- > where possible, reflect views and preferences in decisions
- > seek support for key proposals

2.3 Engagement principles

We plan to involve the TAC and AER early and often in consultation. This will enable us to reflect customer and stakeholder needs in the development of our revenue proposal.

Our consultation on the 2023-28 reset will be guided by the following principles:

- > consultations will be open and transparent, with a focus on building trust and understanding
- > consultation processes will be effectively targeted and easily accessible, respecting the often limited time and resources of stakeholders
- > stakeholders should be given adequate opportunity to participate in consultation sessions in a method that is meaningful to them
- > stakeholders should be provided adequate notification of proposed consultation
- > consultation outcomes should be communicated clearly back to stakeholders
- > consultations should be evaluated.

2.4 Proposed criteria to identify matters for engagement

The following proposed criteria will be applied to identify the matters for engagement:

- > TAC areas of interest
- > topics engaged on by other TNSPs
- > our corporate strategy
- > priority investments, proposals and future direction as identified by the business.

3. Engagement scope

The AER's [Consumer Engagement Guideline for network service providers](#) provides guidance on its expectations of how network businesses engage with consumers. The AER suggests adopting an engagement framework like the IAP2 Spectrum³ when developing consumer engagement strategies and processes. The IAP2 Spectrum provides the following framework for consumer engagement based on the influence that consumers should have over a decision or activity:



Our engagement approach for the 2023-28 revenue reset will leverage the ongoing BAU engagement to provide stakeholders and the AER with information on, and seek their views on, the Revenue Proposal as efficiently as possible. Recent BAU engagement and the level of consumer involvement has included:

- > Major projects which are mainly driven by contingent projects arising from AEMO's 2018 and 2020 ISPs including of Project EnergyConnect (PEC), QLD-NSW Interconnector (QNI) Upgrade, Victoria-NSW Interconnector (VNI) Minor and other projects to meet identified needs on the NSW transmission networks. We also extensively engaged on Powering Sydney's Future (PSF). Our engagement has varied from informing to involving stakeholders on our proposed outcomes.
- > policy and advocacy including reviews by the AEMC, consultation by the ESB, the NSW Electricity Strategy, the NSW Transmission Infrastructure strategy, and Energy Ministers' forums. Extensive engagement was also undertaken on the rule change proposals to the AEMC for:
 - financeability of Major Projects (consulting stakeholders)
 - system strength services to be provided by networks as a regulated service (consulting stakeholders)
- > BAU activities including quarterly TAC meetings, the annual TAPR, The Energy Charter annual performance, generation developers / connection applicants, network maintenance and outage planning, and RIT-Ts (generally informing and consulting) varied from informing to involving, and
- > consultation on regulatory matters such as inflation, ring-fencing arrangements, actionable ISP guidelines, and the 2022 RORI – generally informing and consulting.

Many of our stakeholders are concurrently involved in numerous regulatory processes with other organisations and have raised concerned about 'engagement fatigue'. We have considered this in proposing the level of engagement we seek from stakeholders on our regulatory proposal.

The table below shows our proposed engagement on aspects of our regulatory proposal and other relevant BAU activities that impact our regulatory proposal (such as our Network Vision and TAPR), and their alignment with the IAP2 Spectrum. We will work with stakeholders to refine these items as consultation progresses.

³ International Association of Public Participation (IAP2), www.iap2.org.au.

Table 2: The IAP2 Spectrum and our 2023-28 Revenue Proposal

Level of IAP2 spectrum	Component of our regulatory proposal
<p>Collaborate</p> <p>To work together with stakeholders to formulate alternatives and incorporate their advice into final decisions to the maximum possible extent</p>	<ul style="list-style-type: none"> > Long-term revenue smoothing for revenue reset > Our Network Vision⁴ covering: <ul style="list-style-type: none"> – future scenarios to inform long-term network development including electrification of vehicles and industry, and decarbonisation – energy transformation – impact of climate change – impact of innovation > Our 2021 Transmission Annual Planning Report (TAPR) – collaboration on future scenarios, including climate change scenarios for the future > Further examples will be determined on a case by case basis – but could include how batteries connect and work on our network, elements of the RIT-T process, innovation on climate change and scenarios for the future
<p>Involve</p> <p>To work directly with stakeholders to ensure their concerns and aspirations are directly reflected in the alternatives developed</p>	<ul style="list-style-type: none"> > Confirm TAC expectations and priorities for revenue reset > Agree on reset consultation approach with TAC and AER > RIT-Ts, contingent projects (maybe Humelink)
<p>Consult</p> <p>To obtain feedback on alternatives and draft proposals</p>	<ul style="list-style-type: none"> > Confirm topics for discussion at TAC reset meetings (to be regularly reviewed and updated as required) > Overview key elements of Revenue Proposal building block components including capex and opex programs
<p>Inform</p> <p>To provide balanced information to keep stakeholders informed</p>	<ul style="list-style-type: none"> > Discussion on narrative for our expenditure drivers > AER Benchmarking > Pass throughs for our reset > Useful background information including: <ul style="list-style-type: none"> – affordability and prices – risk and uncertainty – reliability, stability and security of supply – service delivery – depreciation profile > Prior to submitting our Revenue Proposal, explain the changes to:

⁴ TAC members have provided input to our Network Vision. We are finalising our Network Vision and how it will influence our forecasts to be included the 2023-28 Revenue Proposal.

Level of IAP2 spectrum	Component of our regulatory proposal
	<ul style="list-style-type: none"><li data-bbox="751 232 1465 300">– the opex and capex forecasts based on stakeholder feedback<li data-bbox="751 322 1465 389">– other elements of our Revenue Proposal to reflect stakeholder feedback

4. Proposed consultation channels

The below are the proposed channels for stakeholder consultation from now until Feb 2022. Consultation beyond Feb 2022 will be discussed in a separate document.

4.1 TAC

The TAC is the primary engagement vehicle for consultation for the 2023-28 Revenue Reset. We are mindful of imposing additional time and resource pressures on our stakeholders, based on their feedback to us, so we plan to leverage the existing ongoing engagement we have in place with the TAC and augment this with further engagement detailed below in section 4.2 and 4.3.

TAC will meet monthly during the reset process to allow for ample each-way discussion on issues relevant to the reset.

Our remaining meetings scheduled for 2021 will address items both specific to the reset while continuing to cover broader topics, including those nominated by TAC members, which are outside the reset process.

Other meetings will be dedicated to the reset and may involve presentations by relevant experts in our business or external speakers.

The TAC membership has been expanded to provide additional depth and breadth to the TAC consultation. The membership of the TAC is below:

- > Australian Industry Group
- > City of Sydney Council
- > Energy Consumer Australia
- > Energy Users Association of Australia
- > Ethnic Communities Council NSW
- > Goldwind
- > Public Interest Advocacy Centre
- > Snowy Hydro Ltd.
- > St Vincent de Paul Society
- > Tesla
- > Tomago Aluminium Co.

New members in 2021:

- > AEMO
- > ERM Advisory
- > Clean Energy Council
- > Australian National University
- > Commonwealth Bank of Australia

4.2 Deep dive workshops

In addition to the scheduled TAC meetings, we propose that several deep dive workshops take place. Attendance to these additional consultation opportunities will be at the discretion of the TAC organisations, with opportunities for organisations to delegate different attendees to the deep dive workshops if desired. We will invite other interested stakeholders (such as generators, DNSPs and battery owners).

The deep dive workshops will allow for rigorous engagement on key matters – including those nominated by stakeholders. We expect these workshops to cover details such as operating and capital expenditure forecasts and outcomes for customers.

4.3 One-on-one meetings

We understand there will be a need to discuss aspects of our proposal in greater detail with stakeholders on a one-on-one basis. This will allow for briefings on topics which are of specific interest to stakeholder which may not be covered in TAC meetings or the deep dives.

We will facilitate one-on-one briefings with members of the TAC when required, as well as other industry, government and customer representatives.

4.4 Direct customers engagement (business as usual)

As the transmission network operator, we have a number of customers that are directly connected into our network. These customers are either generators, distribution networks or large directly connected loads, such as manufacturing plants. We have a direct relationship with these customers and work closely with them on an ongoing basis through our dedicated customer team to ensure that we meet their needs and their views are represented within our business. We will consult with our direct customers on our reset proposal via our existing channels. Feedback from those customers will be fed back into the TAC consultation processes and will be reflected in the process to compile the draft revenue proposal.

4.5 End customers opinion research

While as a transmission business we do not have direct relationships with end-customers, we are acutely aware that it is consumers who are most impacted by our proposal. As a founding and active participant in the Energy Charter, our business is committed to becoming a more customer-centric organisation. Part of this process is to better understand the chief concerns of consumers and to determine how best to align those concerns with our own priorities and commitments.

To achieve this during this reset period, we intend to use an independent opinion research provider, focus group research and interviews, to better understand what is important to energy customers as well as obtaining feedback on specific aspects of our proposal.

Results of our end-customer research will help shape our Revenue Proposal and provide us with both qualitative and quantitative validation of key elements in our proposal.

Additionally, we will seek to leverage existing, public research such as Energy Consumers' Australia's annual Consumer Sentiment Survey to inform our inputs to our Revenue Proposal.

4.6 Reset website

A dedicated revenue reset page will be created on our website, with information on the reset process and topics we are keen to gather feedback on. The web page will be promoted through social media and provide a mechanism for customers, stakeholders and members of the public to submit questions or provide feedback.

4.7 Site tours

Site tours may be arranged where practical to provide stakeholders with an appreciation of the size, scale of work needed and challenges to transition the network to facilitate the energy transition.

4.8 AER Consumer Challenge Panel

The AER's Consumer Challenge Panel (CCP) role is to provide input and challenge to the AER on key consumer issues during the reset process so as to improve the AER's decisions. The CCP's role is to facilitate the consideration of the consumer perspective to achieve a balanced consideration of all views by the AER.

The CCP provides written advice to the AER, which critically assess the adequacy of a network's engagement program and that network's response to the outcomes of that engagement.

We propose to engage with the CCP by extending invitations to:

- > TAC meetings that deal with reset issues
- > Our deep dive workshops
- > One on one meetings.

We will also provide the CPP with copies of our engagement material and outcomes.

4.9 AER

We regularly engage with the AER as follows:

- > our CEO and AER chair meet regularly
- > Regulation meets weekly with AER staff.

We are currently establishing our communication protocols with the AER reset team, which will involve weekly meetings.

5. Proposed TAC consultation plan

Table 2 sets out the TAC meeting dates already scheduled and those proposed to be scheduled with the proposed matters for discussion. These will be updated over time to reflect stakeholder feedback on areas of interest and criteria discussed in section 2.1.3.

Table 2 provides proposed content for consultation. The proposed consultation content takes into account feedback we have already gathered from TAC members and is subject to change following further consultation.

- > **June** – we intend to present our Network Vision, which explains how we will provide an affordable, secure and low emissions energy system in the future. TAC members have provided valuable insights into the development of the Network Vision, which covers future scenarios, innovation, climate change and the energy transformation. The Network Vision is the logical starting point for the reset process. We will also discuss key aspects of our 2021 Transmission Annual Planning Report (TAPR) due for publication by 30 June 2021.
- > **July** – we intend to present our narrative for the expenditure drivers underpinning the capex and opex forecasts. This will draw on our Network Vision, the Integrated System Plan and NSW Energy Infrastructure Roadmap and our Corporate Strategy. Key topics will include innovation, climate change and the energy transformation.
- > **August** – we will cover issues that stakeholders have identified as important including: affordability and prices, risk and uncertainty, reliability, stability and security of supply, service delivery and outcomes/.
- > **October** – a deep dive workshop on our expenditure forecasts and the expected outcomes for customers from the proposed investment.
- > **November** – this meeting will be used to present an overview of key elements the revenue proposal and to gather stakeholder feedback.
- > **December** – a further deep dive session that explains refinements to our expenditure forecasts, and other elements of its proposal, to reflect feedback from customers.

Table 3 TAC meeting schedule (as at June 2021)

Date	Status	Type	Content – Proposed reset discussion topics
17 Jun	Confirmed	TAC meeting	<p>Network Vision⁵ and TAPR (currently being developed). This covers:</p> <ul style="list-style-type: none"> > future scenarios to information long-term network development > energy transformation > impact of climate change > innovation and > scenarios for electrification of cars and what it means for our network

⁵ The Network Vision will be released as a public advocacy document, promoting TransGrid's role as a future energy thought leader and subject matter expert

Date	Status	Type	Content – Proposed reset discussion topics
			Revenue Reset <ul style="list-style-type: none"> > confirm stakeholder expectations and priorities > agree on reset consultation approach
22 Jul	Confirmed	TAC revenue reset meeting	Discuss expenditure drivers: <ul style="list-style-type: none"> > AEMO’s ISP process and the NSW government Energy Infrastructure Roadmap > increasing renewable generation / changes in the generation mix > the impact of climate change in the next and future resets (based on Network Vision) > innovation (i.e. electrification and batteries) > economic conditions (i.e. demand growth)
19 Aug	Confirmed	TAC meeting	Discuss matters identified by TAC as areas of interest: <ul style="list-style-type: none"> > affordability > transmission prices (including tariff changes / restructure, contributions from generators) > risk and uncertainty and how they will be managed > empowering consumer choice > reliability, stability and security of supply > service delivery > depreciation profile > how we will fund our investments
5 Oct	Confirmed	Deep dive (opex and capex forecasts)	Seek feedback on draft proposals and positions on key elements of our Revenue Proposal including opex and capex forecasts. <ul style="list-style-type: none"> > Opex forecasts: base year opex, step changes, productivity adjustment > Capex forecasts: key projects and programs (in the context of Network Vision and drivers for expenditure) > Outcomes of proposed expenditure for customers <p>Note – the nature of information provided will depend on the progress of our draft forecasts for consultation</p>
3 Nov	Confirmed	TAC revenue reset meeting	<ul style="list-style-type: none"> > Overview how we have / propose to update our draft expenditure forecasts and other key positions to reflect stakeholder feedback seeking further input and feedback > Overview other key elements of Revenue Proposal

Date	Status	Type	Content – Proposed reset discussion topics
2 Dec	Confirmed	Deep dive (final expenditure and positions reflecting stakeholder feedback)	<ul style="list-style-type: none"> > Overview our final expenditure forecasts and positions on other key aspects of our Revenue Proposal explaining how we have reflected stakeholder feedback into our Revenue Proposal

5.1 Where will we engage?

We want to make it as easy as possible for stakeholders to participate in our reset engagement process.

Our customers reside across NSW and the ACT, our investments increasingly affect customers in other States, and our key stakeholders are located across the country, with a significant number located in Melbourne.

To reflect this, we will host engagements in different locations and always ensure there is an option for stakeholders to join consultation sessions remotely.

In particular, in recognition that many of our TAC members, regulatory and market bodies have their head offices in Melbourne, we aim to hold some of the reset TAC meetings in Melbourne.

Appropriate digital channels will be employed at each meeting to:

- > support video webinar dial in for TAC meetings
- > record and share key information sessions, and
- > consider facilitated webinars for deep dives where this will support greater attendance.

6. Evaluation

The overarching measure of the success of our engagement process for our Revenue Proposal is if we deliver a Revenue Proposal has the support of our stakeholders and the AER.

We propose to use the assessment framework recently used by the AER in its [2021 to 2026 Determination for AusNet Services](#) and in its 2022-2027 Determination for the Victoria Distributors (replicated in table 2 below):

Table 2 AER’s framework for considering consumer engagement

Element	Examples of how this could be assessed
Nature of engagement	<ul style="list-style-type: none"> > Consumers partner in forming the proposal rather than asked for feedback on our proposal > Relevant skills and experience of the consumers, representatives, and advocates > Consumers provided with impartial support to engage with energy sector issues > Sincerity of engagement with consumers > Independence of consumers and their funding > Multiple channels used to engage with a range of consumers across our consumer base
Breadth and depth	<ul style="list-style-type: none"> > Clear identification of topics for engagement and how these will feed into the regulatory proposal > Consumers consulted on broad range of topics > Consumers able to influence topics for engagement > Consumers encouraged to test the assumptions and strategies underpinning the proposal > Consumers were able to access and resource independent research and engagement
Clearly evidenced impact	<ul style="list-style-type: none"> > Proposal clearly tied to expressed views of consumers > High level of business engagement, e.g. Consumers given access to the distributor’s CEO and/or Board > Our response to consumer views rather than just recording them > Impact of engagement can be clearly identified > Submissions on proposal show consumers feel the impact is consistent with their expectations
Proof point	<ul style="list-style-type: none"> > Reasonable opex and capex allowances proposed: <ul style="list-style-type: none"> – in line with, or lower than, historical expenditure – in line with, or lower than, our top down analysis of appropriate expenditure – if not in line with top down, can be explained through bottom up category analysis

Source: AER, *Overview | Draft decision – AusNet Services 2021–26*, September 2020, pp.46-47.