

Transgrid Advisory Council (TAC) Meeting summary and actions

21 September 2023

Meeting title:	TAC Meeting #8 for 2023		
Location:	Via Microsoft Teams and MR SO180 L09.10		
Chairperson:	Maryanne Graham, EGM Corporate and Stakeholder Affairs		
Date of meeting:	Thursday 24 August 2023	Time:	10.30am - 12.30pm
Attendees:			
Transgrid Advisory Council Members	Andrew Richards , CEO, Energy Users Association Australia (EUAA) Christiaan Zuur , Director Energy Transformation, Clean Energy Council (CEC) Iain Maitland , Energy Advocate, Ethnic Communities Council Leigh Clemow , Policy Manager Energy Users Association of Australia (EUAA) Leigh Creswell , Corporate Lawyer Wholesale Energy, Snowy Hydro Michael Lynch , Senior Policy Officer, Public Interest Advocacy Centre (PIAC) Tennant Reed , Director Climate and Energy, Australian Industry Group (AIG) Mitchell Hume , Australian Energy Market Operator (AEMO) - Observer Sean Mullins , Australian Energy Regulator (AER) - Observer		
Transgrid representatives	Belinda Ackermann , Stakeholder Relations Advisor Cassie Farrell , Stakeholder Engagement Manager Christian Abran , Network Regulatory Manager Daryn Mullen , Project Director, Central-West Orana REZ Jeremy Roberts , Project Director, HumeLink Lance Wee , GM Asset Management Louise Birkmann , Regulatory Reporting Manager Maryanne Graham , EGM Corporate and Stakeholder Affairs Michael Johnson , Program Director Stakeholder Relations Major Projects Nicole Ryan , GM Community, Stakeholder and Government Oliver King , Project Director, Energy Connections and Storage Stephanie McDougall , GM of Regulation Zainab Dirani , Senior Research Analyst		
Apologies	Craig Memery , Senior Advisor Energy, Public Interest Advocacy Centre (PIAC) Josef Tadich , Senior Manager, Engineering, Tesla Sam Fyfield , GM Grid and SCADA, Goldwind		

1. Meeting summary

1.1. Summary of meeting

The meeting opened with a review of action items from the previous meeting. An overview of the Central-West Orana Renewable Energy Zone (REZ) project discussed the project background, transmission network augmentation works (focus of the Transgrid works) and the area of generation and interface point.

It was noted that the Central-West Orana Renewable Energy Zone is the first REZ in NSW and expected to generate 5,000 jobs and initially unlock 3 gigawatts (GW) of new network capacity to power 1.4 million homes.

An update on the Victoria to New South Wales Interconnector West (VNI West) Stage 1 Contingent Project Application (CPA) highlighted that the draft Stage 1 CPA (early works) was published and encouraged TAC members to make a submission. The team referenced the dispute on the Regulatory Investment Test for Transmission (RIT-T) Project Assessment Conclusions Report (PACR) and that a determination from the Australian Energy Regulator (AER) was due by 4 October 2023.

This was followed by an overview of the VNI West Stage 1 project scope. The team reiterated that the project would increase interconnection capacity between Victoria and NSW to enable efficient generation sharing between the states, support clean low-cost electricity from REZs and improve the reliability and security of electricity supply as coal-fired power stations are retired.

The team outlined two Design and Construction (D&C) packages to deliver the best possible price for consumers, and highlighted cost savings. These savings include \$60 million in securing Long Lead Equipment (LLE) through the Powering Together Tomorrow (PTT) program, \$787 million from investment synergies (PEC enhancement and Gugaa integration works) and \$400 million with the use of Series Compensation and Power Flow Controllers (compared to Phase Shifting Transformers).

A HumeLink CPA 2 presentation confirmed that the Early Contractor Involvement (ECI) process has concluded, and delivery partner contracts are expected to be finalised in late September 2023. The team noted that the HumeLink draft CPA 2 submission is ready for review by the Transgrid Board. Feedback Loop confirmation from the Australian Energy Market Operator (AEMO) is expected by mid-December, which will allow Transgrid to formally submit CPA 2.

The team noted that 77% of consents to enter for the entire route was achieved and 50% of private land is agreed in-principle, or fully signed-up. It was referenced that the Environment Impact Statement (EIS) has been on exhibition for three weeks and that extensive engagement is being undertaken along the route.

The team shared the positive outcome of the Green Hills route deviation around the Batlow area, a result of a community-led request, which will impact eight less landowners and present fewer biodiversity impacts. This was followed by an update on biodiversity offsets, which was a topic that TAC members had requested further details on.

An update on HumeLink project engagement noted that 17 community information sessions on the EIS were held across 11 locations, attracting 64 attendees. The team outlined that the majority of engagement has been online, with 12,000 visits to the digital EIS on the HumeLink website tracked.

The VNI West project engagement update highlighted that 16 engagement sessions on the Draft Corridor Report across July and August saw a total of 290 attendees. The team referenced receipt of 69 written submissions on the Draft Corridor Report and that the preferred Report will be published in late 2023, which will address feedback gathered in the submissions. They also noted that they are advertising for Community Consultative Group members throughout September.

A presentation on bushfire season preparedness referenced the works undertaken around vegetation management and transmission lines as part of Transgrid's Bushfire Risk Management plan. This plan outlines our approach of proactively managing and appropriately mitigating our exposure to bushfires. The team also discussed their preparedness assessment for the 2023/24 bushfire season and key asset management activities.

An update on Transgrid's Energy Charter Disclosure Report, which will be submitted to the Energy Charter by 30 September 2023, highlighted how TAC feedback helped to inform Transgrid's revised maturity self-

assessment against the Energy Charter’s five principles. The TAC were encouraged to participate in a survey seeking feedback on our revised assessment.

The final agenda item saw a Regulatory Policy update on the ‘enhancing community engagement in building transmission networks’ draft rule determination, the ‘AER Game Changer’ project and ‘enhancing investment certainty in the R1 process’ rule change.

This was followed by a Government Relations update, including on the NSW Parliamentary inquiry into the feasibility of undergrounding transmission infrastructure report recently published, the release of the NSW Electricity Supply and Reliability Check-up and the NSW Budget.

Item	Topic presented	Summary of stakeholder comments	Summary of Transgrid response
1.	Welcome and Introductions Maryanne Graham, EGM Corporate and Stakeholder Affairs		
2.	Actions from last meeting Maryanne Graham, EGM Corporate and Stakeholder Affairs		Actions completed or in progress.
3.	Central-West Orana Renewable Energy Zone Daryn Mullen, Project Director	<p>Andrew Richards (EUAA): Do you need to submit a CPA for the non-contestable works and go through the AER approval process, or the NSW Electricity Infrastructure Roadmap (the Roadmap) process?</p> <p>Andrew Richards (EUAA): Once approved, does that get rolled into Transgrid’s Regulatory Asset Base (RAB) and become part of your 5-year price reset?</p>	<p>Daryn Mullen, Project Director, Central-West Orana REZ: We undertake a Transmission Efficiency Test (TET), which is similar to the AER process. The key difference is that the AER does not review the options we have taken, they review the prudence, efficiency, and value for money for end-users.</p> <p>Stephanie McDougall, GM of Regulation; There are two frameworks. This will go through the Roadmap.</p> <p>Stephanie McDougall, GM of Regulation: Not initially. Similar to the Waratah Super Battery (WSB) project, it will have its own RAB and five-year determination. We will submit a full revenue proposal setting out each element of the revenue proposal in the same way as our five-year proposal. This is submitted for each project under the framework. At the end, there is optionality of whether Transgrid, the Energy Corporation of NSW (EnergyCo) or the Minister</p>

		<p>Andrew Richards (EUAA): That gets messy. You would have a transmission asset being recovered via distribution, which is confusing.</p> <p>Sean Mullins (AER): What you have outlined is generally right and the process is almost the same as WSB. I am happy to go into that in more detail.</p> <p>Andrew Richards (EUAA): Perhaps offline - we need clarity on this. We are speaking with distribution businesses about the Roadmap costs flowing through. That in itself is problematic as to how the distribution falls out and who pays for what. Rolling it into the RAB, the AER does get to review the efficiency of costs, but five years on. We prefer to see it rolled into the RAB once approved, so it is more efficient and we are getting constant AER overview.</p> <p>Andrew Richards (EUAA): Are new easements required for this project?</p>	<p>nominates to transfer this asset base to our National Electricity Rules (NER) asset base. We could have one asset base which would go into the overall five-year determination, or it could remain separate and we have multiple revenue determinations being made under different frameworks, which would be suboptimal.</p> <p>Stephanie McDougall, GM of Regulation: The differences between the two regimes are minimal and could be accommodated under the NER. We are adding administration costs for preparation of applications and the AER will need to review these. There will be multiple determinations with varying timeframes. I invite Sean to share his views on this.</p> <p>Stephanie McDougall, GM of Regulation: People want to see the entire cost.</p> <p>Daryn Mullen, Project Director, Central-West Orana REZ: There are areas requiring new easements at the Bayswater location (on AGL land) and easement widening for the additional 330KV line between Mount Piper and Wallerawang. There is also an area on Greenspot land in Wallerawang. We have commenced consultations</p>
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		<p>Tennant Reed (AIG): I want to reinforce the points made and add that in terms of the ability to get meaningful engagement from energy users and stakeholders on multiple processes, it would be burdensome and time consuming.</p> <p>Iain Maitland (ECCNSW): <i>Via MS chat: 'It would certainly be confusing Andrew - wouldn't we look forward to a stack of revenue resets and more confusing for end consumers on their bill'.</i></p> <p>Andrew Richards (EUAA): When are we likely to see an estimate of cost for these non-contestable assets?</p>	<p>with key impacted landowners, which have been positive.</p> <p>Maryanne Graham, EGM Corporate and Stakeholder Affairs: Thanks Tennant. We encourage your feedback to go to EnergyCo and the AER - it is important they hear from the TAC as well as us. We want to be able to streamline these processes and work collaboratively with groups representing consumers, and our regulators, to make this more efficient – duplication is not helping consumers.</p> <p>Daryn Mullen, Project Director, Central-West Orana REZ: The first quarter of next year.</p>
4.	<p>VNI West Contingent Project Application CPA 1 update Stephanie McDougall, GM Regulation</p>	<p>Andrew Richards (EUAA): That looks good. I was speaking with AER representatives recently who said they are comfortable that the savings are real. A pat on the back to Transgrid for making this happen. I am concerned about the Victorian side of this. You may be ready to go, however there may be delays on the Victorian side.</p> <p>Andrew Richards (EUAA): If it gets delayed, the savings you have put here start to evaporate.</p> <p>Andrew Richards (EUAA): <i>On the customer bill impacts – we need to continue to test this. Costs are going up across the board, so we need to ensure the net benefit is robust. The wholesale savings may not come for some time yet.</i></p> <p>Tennant Reed (AIG): The external messages on the importance of getting things built and the consequences for price, reliability and emissions if we cannot do so, are important to be sharing.</p>	<p>Maryanne Graham, EGM Corporate and Stakeholder Affairs: We are monitoring that. It is equally concerning to us as it is an Integrated System Plan (ISP) project. We have been leaning into AEMO services to see how we can assist.</p> <p>Stephanie McDougall, GM of Regulation: I agree. It is a 40-year horizon that AEMO does that analysis over.</p> <p>Maryanne Graham, EGM Corporate and Stakeholder Affairs: A great comment. We appreciate the support and what you and others have been doing to keep the public informed.</p>

<p>5.</p>	<p>HumeLink CPA 2 Jeremy Roberts, Project Director, HumeLink</p>	<p>Andrew Richards (EUAA): What degree of change will occur with the change of route reported (Green Hills)?</p> <p>Andrew Richards (EUAA): There is uncertainty outside of your control. It is good to see you are pushing it into the Class 2 area. Hopefully at the end, the value proposition pops out - we saw some of this in the cost savings presented on VNI West. Having the early work to drive cost savings is key. Consumers take the risk by putting in the money up front, you start to bank that in the RAB so we need to see value for money coming out. I appreciate the level of transparency you are showing and the focus on driving down costs.</p> <p>Andrew Richards (EUAA): There will be areas of cost where you cannot achieve certainty within an acceptable timeframe. Can the risks (for Transgrid and consumers) be mitigated elsewhere? It could be that you cannot get to a Class 2 estimate in the timeframe we are discussing.</p> <p>Tennant Reed (AIG): In addition to the refinement of cost estimates, there is re-estimating of benefits in light of what has been changing, including costs of alternatives going up. What is the status of the re-estimate of benefits?</p>	<p>Jeremy Roberts, Project Director, HumeLink: It is factored into the Biodiversity Offset estimate presented today. It is a lesser biodiversity offset requirement and close to neutral cost.</p> <p>Jeremy Roberts, Project Director, HumeLink: Time is driving us to get this done. The sooner we do so, the better access for more renewables to the network, and improved reliability. While it will be some time before we see it, the end result is the price coming down for consumers.</p> <p>Jeremy Roberts, Project Director, HumeLink: That is a key driver for our position not to support a Capital Expenditure Sharing Scheme (CESS). It is not prudent and efficient to build a cost that has every event covered. Our estimate is what we need with the backstop of no CESS - the class of estimate and contingency to deliver on those risks (such as an EIS delay). We want to drive minimal delays during the delivery and have mitigations such as MOUs, but the backstop being no CESS is applied – that is the contingency we are asking for.</p> <p>Stephanie McDougall, GM of Regulation: The AER have invited us to reconfirm that the HumeLink option remains top-ranked. As costs have increased, they are asking us to confirm ‘no material change in circumstances’. The costs of all options considered in the RIT have increased. We have also seen AEMO’s recent 2023 Inputs</p>
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		<p>Tennant Reed (AIG): For other options, I assume you will not go into the same depth of effort to improve the accuracy and completeness of cost estimates for things you are not planning to procure. Is that a general uplift to costs similar to the broader uplift we have seen in engineering construction?</p>	<p>Assumptions and Scenarios Report (IASR). EY, who ran the market modelling for the Project Assessment Conclusions Report (PACR) will pick up the updated costs of all options, not just the top-ranked. It will pick up the 2023 IASR and rerun that market model. We are confident that it will confirm no change to the ranking. This will be completed by the time we lodge our final CPA 2. At the same time, AEMO will confirm that the project remains on the Optimal Development Plan (ODP) and delivers net benefits.</p> <p>Jeremy Roberts, Project Director, HumeLink: You are right. We cannot go to market and get a full scope cost for other options (conducting route refinement, geotechnical work etc). We are currently working through what is the same in our Class 2/3 estimate that we can apply to the other ones (such as if the program is the same length then the overheads can be replicated and refreshed). For the other ones, around construction, we have per kilometre rates now for double circuit 500kV. We are looking at applying the same level of rates of what has been market tested, to the other options. We could apply the LLE and then look at it from a macro level and say, 'what if we just apply the same sort of inflations and where does that get'. We want to look at it several ways and provide the level of certainty to provide confidence that option 3C was still the best option, without going to market and getting Class 2 estimates.</p>
6.	<p>Community Engagement Update – VNI West and HumeLink Michael Johnson, Program Director Stakeholder Relations Major Projects</p>	<p>Tennant Reed (AIG): For a project with strong views around it, what is your view of how much more engagement you will get as this effort continues?</p>	<p>Michael Johnson, Program Director Stakeholder Relations Major Projects: There are some who want to share their views at these information sessions. If you are doing a lot of pre-engagement before the EIS and well preparing people, they are somewhat past that process and tend to understand the process of working with us and engaging with us in a productive way. Many of the</p>

		<p>Iain Maitland (ECCNSW): Are the EIS submissions received largely negative or positive - what is the general feeling?</p>	<p>conversations on the ground have been productive. People attending less in person and engaging through digital means shows that they are moving towards navigating things themselves and engaging with us in a different way. We also provided a lot of access to our subject matter experts. So, it is a testament to our engagement tools working. At this stage we do not have visibility on the number of submissions to the Department of Planning and Environment (DPE), however there may be a substantial amount that we may need to respond to.</p> <p>Nicole Ryan, GM Community, Stakeholder and Government: With the extension to the EIS consultation period, through our mailing list we asked if there was interest for any further information sessions and where these sessions should be held. We want to be available. It will be interesting to see the results from this - we will report back at the next meeting if there was interest in any further information.</p> <p>Michael Johnson, Program Director Stakeholder Relations Major Projects: Many include constructive information. Some referenced other options further north which need further investigation. Old stock routes, grazing trails and rail lines, which did not feature much in the detailed mapping and desktop research investigation work, were also included in many submissions. So, they are more around productive conversations rather than negativity. We were clear in communicating the importance of providing us with examples and outlining what could potentially be missing in our research and data.</p>
7.	<p>Bushfire Season Preparedness Lance Wee, GM Asset Management</p>	<p>Tennant Reed (AIG): I am glad that Transgrid is so alert to this – a positive place to be at this point.</p>	

8.	Energy Charter Disclosure Report Cassie Farrell, Stakeholder Engagement Manager		No comments or questions.
9.	Regulatory Policy and Government Relations Update Stephanie McDougall, General Manager of Regulation Nicole Ryan, GM Community Stakeholder and Government	.	No comments or questions.
10.	Summary and next steps Maryanne Graham, EGM Corporate and Stakeholder Affairs		No comments or questions.

2. Action items

Action	Responsible	Due date/ status
Distribute slide pack with the finalised VNI CPA 1 slides that were presented to the TAC at the meeting.	Cassie Farrell	By next TAC on 18 October
Report back on any stakeholder interest for additional EIS information sessions following extension of the exhibition period.	Nicole Ryan	At the next TAC on 18 October

3. Next meeting

The next meeting will occur on **Wednesday 18 October**. TAC members are invited to join us in the Nambucca Room (Level 1, 187 Thomas Street, Ultimo) or via MS Teams.

4. Contact details

If you require any information on this summary or in relation to TAC meetings, please contact:

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