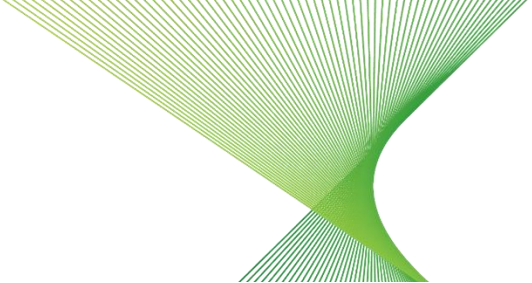


# Transgrid Advisory Council Meeting summary

28 February 2022



## Attendees

<b>Location:</b>	Via Webex		
<b>Chairperson:</b>	Brian Salter, Executive Manager – Legal, Governance and Risk	<b>Time:</b>	9:30am-12:00pm
<b>Attendees</b>			
Transgrid Advisory Council Members	<p><b>Andrew Richards</b>, CEO, Energy Users Association of Australia  <b>Brian Spak</b>, Director Energy Transformation, Energy Consumers Australia  <b>Kim Woodbury</b>, COO, City of Sydney  <b>Luke Rankovich</b>, Commercial Superintendent, Tomago Aluminium  <b>Michael Ottaviano</b>, Partner, ERM Advisory  <b>Scott Young</b>, Executive Director, Commonwealth Bank of Australia  <b>Nicola Falcon</b>, A/Chief System Design and Engineering Officer, AEMO  <b>Craig Memery</b>, Program Director, Energy+Water Consumers' Advocacy, PIAC  <b>Dev Tayal</b>, Business Development, Tesla  <b>Iain Maitland</b>, Energy Advocate, Ethnic Communities Council NSW  <b>Andrew Blakers</b>, Director, ANU Centre for Sustainable Energy Systems  <b>Tennant Reed</b>, Head of Climate, Energy &amp; Environmental Policy, AiG  <b>Gavin Dufty</b>, Executive Manager Policy and Research, St Vincent de Paul  <b>Christian Zuur</b>, Director Energy Transformation, Clean Energy Council  <b>Leigh Creswell</b>, Snowy Hydro</p>		
Transgrid attendees:	<p><b>Brett Redman</b>, CEO  <b>Brian Salter</b>, Executive Manager, Legal Governance &amp; Risk  <b>Kasia Kulbacka</b>, Executive Manager, Network Planning &amp; Operations  <b>Craig Stallan</b>, Executive Manager, Delivery  <b>Stephanie McDougall</b>, Head of Regulation  <b>John Howland</b>, Head of Network Planning  <b>Mark McEnerney</b>, Project Director VNI West and Sydney Ring  <b>Jahan Peiris</b>, Manager Network Connections  <b>Jeremy Roberts</b>, Head of Infrastructure Development  <b>Robert Alcaro</b>, Regulatory Manager  <b>Cameron Hamilton</b>, Head of Government and Stakeholder Relations  <b>Robert Ephraums</b>, Senior Advisor Stakeholder Engagement  <b>Bronwyn Rosser</b>, Industry and Stakeholder Engagement Advisor  <b>Catherine O'Neill</b>  <b>Jesse Steinfeld</b>, Future Grid Planning Manager  <b>Deyi Wu</b>, Stakeholder Relations Advisor</p>		
Transgrid Board members (observers)	<p><b>Jerry Maycock</b>, Chair  <b>Chris Curtain</b>  <b>Stasha Prnjatovic</b>  <b>Charles-Eduarde Mariolle</b>  <b>Warren Mundy</b></p>		

Guest presenters	<b>Nicola Falcon</b> , A/Chief System Design and Engineering Officer, AEMO <b>Dr Andrew Nance</b> , Chair, ISP Consumer Panel
AER observers	<b>Slavko Jovanoski</b> , Director in Networks, AER <b>Elissa Freeman</b> , AER Consumer Challenge Panel <b>Dr Robert Nicols</b> , AER Consumer Challenge Panel
Apologies	<b>Panos Priftakis</b> , Head of Wholesale Regulation, Snowy Hydro <b>Sam Fyfield</b> , General Manager – Grid & SCADA, Goldwind

## Meeting summary

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### 1. Welcome and introduction

Robert Ephraums, Senior Advisor Stakeholder Engagement, welcomed members of the TAC, AER staff and guest presenters to the meeting. He acknowledged the Transgrid staff and Board Members present.

Brian Salter, EM – Legal, Governance and Risk, outlined meeting agenda and corresponding presenters. He introduced Transgrid CEO, Brett Redman, to give CEO Update.

### 2. CEO Update

Brett Redman, CEO, acknowledged today marked his 100 days as Transgrid CEO. He highlighted the following issues:

- Transgrid's continued focus on safety, with injury rates having halved compared to previous years. Brett emphasised Transgrid's first priority is safety.
- Recent announcements regarding AGL and Origin's coal plant closures, and noted that the speed of change within the industry has become more rapid.
- An upcoming restructure based on a customer-centric approach to growth (i.e. focus on delivering new projects), and contestability (i.e. ready to compete for contestable businesses).
- Recent visits to project sites in Wagga Wagga, Wallgrove and Newcastle and noted an upcoming visit to HumeLink sites. Brett emphasised his interest in talking to people on the ground about the local impacts of major projects.
- Thanked TAC members for their input and discussion at previous TAC meetings, which was incorporated in Transgrid's proposal.
- Focus on how to bolster the grid's security against cyber security threats, and how Transgrid can operate a 100% renewable grid in NSW by 2025, following AEMO's lead.
- Request for TAC member support for HumeLink and VNI West to be changed to 'committed' rather than 'staged' projects so that Transgrid can line up contractors and begin building.

#### In discussions the following issues were raised:

- Recent Eraring closure announcement demonstrated how quickly the market was changing.
- Risks faced by business and consumers are asymmetric.

- Availability of skilled labour for large infrastructure projects and COVID border closures have led to a decrease in foreign workers with the necessary skills resulting in greater potential for project delivery delays which need to be managed.
- The need for projects to be built but not at the expense of good process. Members of the TAC raised recent cost escalations in some projects, and were keen to ensure consumers won't be disproportionately affected. Transgrid explained that increased costs associated with HumeLink were due, in part, to the biodiversity offset, which equated to approximately a third of the project.
- The role government might play in absorbing the risks was discussed including work underway by state government to ensure there is consistency of work and competitive tenders to avoid boom/bust scenarios that would otherwise increase costs for consumers.
- Concerns were raised that Transgrid's commitment to operating at 100% renewables by 2025 had not been raised with the TAC. Transgrid confirmed it was early in this process and committed to engage with the TAC and the ETWG in 2022.

### 3. TAC agenda for 2022

Brian Salter outlined the 2022 TAC & Working Group meeting schedule, noting that TAC will continue to meet on a quarterly basis. The first Energy Transition Working Group (ETWG) will be meeting on Tuesday 8 March, whilst the first Regulatory Reset Working Group (RRWG) will be meeting on Tuesday 22 March.

Transgrid have reached out to Prof. Robert Batterham regarding a presentation on the cost of reaching net zero in Q2 2022.

### 4. Draft 2022 ISP

Nicola Falcon, Acting Chief System Design and Engineering Officer of AEMO, provided an update on the Draft 2022 ISP, noting that AEMO are currently in the final stages of 2022 ISP and the current favouring of the *Step Change* scenario as the most likely base case.

### 5. AEMO ISP Consumer Panel report

Dr Andrew Nance, Chair of the ISP Consumer Panel, provided an update on the Consumer Panel report. Dr Nance outlined the approach of the Panel and the impacts on consumers of over-investment versus under-investment. The Panel encouraged AEMO to align its decisions with consumer preferences identified through research.

### 6. Open Discussion

The TAC discussed the following issues:

- Ability of the market to be agile when faced with the uncertainty of staged projects
- Pressure on governance and due process as coal power stations close quicker than expected, and the severe ramifications of any gap in generation.
- Transgrid is continuing to engage with AEMO and the AER. At the state level, Transgrid is advocating for transmission projects to be fast-tracked.
- The long-term interest of consumers are best served if these risks are managed well.
- Whether consumers should be differentiated under the hydrogen as a super-power scenario, as the beneficiaries of the transition may be mismatched with those who pay for it. AEMO said it will be looking at generational equity outcomes and the potential for new consumers, generators and storage providers to enter the system.

## 7. 2023-28 Revenue Proposal

Stephanie McDougall, Head of Regulation, provided an update on Transgrid's 2023-28 Revenue Proposal, which was submitted on 31 January 2022. Stephanie outlined the agenda topics for the upcoming RRWG #1 and RRWG #2.

## 8. RORI Review update

Stephanie provided an update on the AER's 2022 RORI Review, including the timeline and milestones, and the priority issues being considered by the AER and experts. Stephanie also outlined Transgrid's position on key issues. Transgrid confirmed it intends to manage the reset process separately from RORI discussions as they are different regulatory processes.

## 9. Major projects update

Craig Stallan, EM – Delivery, provided an update on Transgrid's major projects.

Project EnergyConnect – Transgrid continues to work with the South Australian and New South Wales government to deliver by 2024. Compensation for landholders was discussed including the potential for annuity payments and the process underway with the state government on legislation enabling annualised payments.

HumeLink – Craig advised that the HumeLink corridor had been narrowed, and that Transgrid was awaiting an independent study on the route as well as an undergrounding study. Craig outlined that there was significant interest in procurement but a potential shortage of labour in Australia; this issue will be a key part of the CPA.

Powering Sydney's Future – This project will go live in April and is progressing well.

VNI West – Transgrid is working with the federal Department to underwrite VNI West to provide certainty in relation to timing. Transgrid is also working with AEMO, with the PADR in progress.

Sydney Ring – This project is still in its early stage and Transgrid is currently putting together a project team.

The TAC discussed the importance of not double-counting net benefits. Craig agreed that further analysis was needed to separate the net benefits between projects.

## 10. Wrap up

Brian thanked everyone for attending and their contribution to the meeting.

- The next TAC meeting is scheduled for 28 April 2022.
- The first ETWG is scheduled for 8 March 2022.
- The first RRWG is scheduled for 22 March 2022.

## Meeting close

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Meeting closed at 12:03pm.