

Transgrid Advisory Council (TAC) Meeting summary and actions

3 May 2023

Attendees

Meeting title:	TAC Meeting #3 for 2023		
Location:	The Tesla Boardroom, Transgrid, Ultimo Online via Microsoft Teams		
Chairperson:	Maryanne Graham , Executive General Manager of Corporate and Stakeholder Affairs, Transgrid		
Date of meeting:	Wednesday 3 May 2023	Time:	9.30am- 12.30pm
Attendees			
Transgrid Advisory Council Members	<p>Brian Spak, Director Energy Transformation, Energy Consumers Australia Christiaan Zuur, Director, Energy Transformation, Clean Energy Council Craig Memery, Program Director, Energy and Water Consumers' Advocacy Program, Public Interest Advocacy Centre (PIAC) Kim Woodbury, Chief Operating Officer, City of Sydney Leigh Clemow, Policy Manager, Energy Users Association Australia Leigh Creswell, Snowy Hydro Limited Michael Lynch, Senior Policy Officer, Public Interest Advocacy Centre (PIAC) Sam Fyfield, General Manager, Grid and SCADA, Goldwind Sean Mullins, Director, Australian Energy Regulator (observer)</p>		
Transgrid attendees:	<p>Brett Redman, Chief Executive Officer Cassie Farrell, Stakeholder Engagement Manager Craig Stallan, Executive General Manager of Delivery David Feeney, General Manager of Regulatory Policy Gordon Taylor, Executive General Manager of Major Projects Harry Mercer, Project Director, VNI West Jane Deane, Senior Advisor, Stakeholder Engagement Jeremy Roberts, Project Director, HumeLink Kevin Hinkley, Manager of System Planning Marie Jordan, Executive General Manager of Networks Mark McEneaney, Project Director Sydney Ring Projects Nathan Rhodes, General Manager of Powering Tomorrow Together Nicole Ryan, General Manager of Community, Stakeholder and Government Robert Alcaro, Network Regulatory Manager Sarah Lim, Regulatory Reporting Manager Stephanie McDougall, General Manager of Regulation Stephen Troughton, Project Director, EnergyConnect</p>		
Apologies	Andrew Richards , CEO, Energy Users Association of Australia (EUAA)		

Brendan O’Keeffe, NSW Farmers Association
Gavin Dufty, Executive Manager Policy and Research, St Vincent de Paul
Iain Maitland, Ethnic Communities Council NSW
Tennent Reid, Australian Industry Group
Mitchell Hume, Australian Energy Market Operator

1. Meeting summary

1.1. Overall summary of meeting

The meeting opened with a review of actions from the last meeting and a recap on the objectives and function of the TAC. CEO Brett Redman spoke about the state election results and implications for the energy transition, progress and outcomes achieved through the Powering Tomorrow Together program and some of the recent key milestones of our major projects.

The Transgrid team provided an update on our major projects portfolio, including a detailed update on the HumeLink CPA2 procurement process and commercial framework.

During the second half of the meeting, Transgrid presented an update on our regulatory projects, seeking further feedback on the Waratah Super Battery non-contestable Revenue Proposal, and our assessment approach for the Project Assessment Draft Report (PADR) for increasing capacity for generation in the Molong and Parkes area Regulatory Test for Transmission (RIT-T).

Key issues discussed during the meeting included:

- Transgrid’s approach to engagement for the HumeLink CPA-1 part 2
- Transgrid’s procurement process for the System Strength project
- the pros and cons of access options for the South West Renewable Energy Zone (REZ)
- the stakeholder engagement framework for the VNI West project
- opportunities to submit a rule change request following the AER’s 2023- 2028 final decision.

1.2. Detailed summary of meeting

Item	Topic presented	Summary of stakeholder comments	Transgrid response
1.	Welcome and introductions Maryanne Graham, EGM of Corporate and Stakeholder Affairs	No questions or issues raised.	
2.	Actions from last meeting Maryanne Graham, EGM of Corporate and Stakeholder Affairs	Craig Memery, PIAC: <ul style="list-style-type: none"> • Questions submitted by PIAC about the HumeLink CPA1 (part 2) application were posed to highlight the lack of engagement Transgrid has undertaken on this and how this 	Brett Redman, CEO: <ul style="list-style-type: none"> • Transgrid is committed to genuine and open consultation. This TAC is an example of our commitment. • The value and number of works we are now

		<p>compares with the quality of engagement undertaken by others in the industry.</p> <ul style="list-style-type: none"> • The questions posed were examples of the things you would expect to discuss deliberately in good quality engagement, before the proposal is submitted. • AER determination of Transgrid's revenue proposal also highlighted how Transgrid is falling short of regulator, stakeholder and consumer expectations of genuine engagement processes. • Transgrid needs to demonstrate a cultural commitment to putting engagement and consumer interests at the centre of how it works. 	<p>dealing with has significantly increased and the scale of works will continue to increase moving forward.</p> <ul style="list-style-type: none"> • What may be a reasonable variation as a percentage, may be a very large number in an absolute dollar sense. • Transgrid is undertaking a very comprehensive engagement program. • Challenging to balance engagement processes with the volume, objectives and timeframes involved in the transition. • The variation to CPA1 was driven by the need to get Long Lead Equipment (LLE) placed. • Unlike historical federal government underwrites that didn't require any direct link to the regulatory process, this one had to be underpinned with the CPA1 variation. • The federal government required the variation, we had to maintain the timetable to meet ISP obligations. The costs were well within the total project plan and the spirit of the variation was entirely consistent with the objectives of CPA1. • We acknowledge this proposal came about a lot quicker than would be ideal. <p>Maryanne Graham, EGM of Corporate and Stakeholder Affairs:</p>
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			<ul style="list-style-type: none"> • We take on board your feedback. • We are committed to continuous improvement, and we are keen to focus on how we can work together to optimise things moving forward. • Reminder of the objectives and function of the TAC.
3.	<p>CEO update and open discussion Brett Redman, CEO</p>	<p>Christiaan Zuur, Clean Energy Council:</p> <ul style="list-style-type: none"> • What will be the next stages of the system strength procurement process? • Will any winning non network solutions be made public? 	<p>Marie Jordan, EGM of Network:</p> <ul style="list-style-type: none"> • We will work through the RIT-T process, and we expect this to be a public process, including the candidate selection. • We are targeting the fourth quarter of 23 to have the Requests for Proposals (RFP). • There are many options in the mix, we believe it will stay a non-network solution. <p>Brett Redman, CEO:</p> <ul style="list-style-type: none"> • We need to make a market that is transparent and create competition for the solution while balancing commercial and confidence concerns of individual proposals.
4.	<p>Major projects portfolio update Nathan Rhodes, General Manager of Powering Tomorrow Together</p>	No questions or issues raised.	
	<p>HumeLink project update and CPA engagement Project update Jeremy Roberts, Project Director, HumeLink</p>	No questions or issues raised.	
	<p>HumeLink CPA1 part 2 Stephanie McDougall, General Manager of Regulation</p>	No questions or issues raised.	

	<p>HumeLink CPA2 procurement process and commercial framework Jeremy Roberts, Project Director, HumeLink</p>	<p>Michael Lynch, PIAC:</p> <ul style="list-style-type: none"> • How did you arrive at the position where there are two different contractors for the two different packages? How does that work? • Are the work packages different in any meaningful way? 	<p>Jeremy Roberts, Project Director, HumeLink:</p> <ul style="list-style-type: none"> • We always envisaged there would be two portions of work, due to the size and quantity of the work. • Initially, the work was open to all parties to bid on all aspects of work. • In this final phase of the process, we've announced a preferred contractor for each portion of work, who are now confirming their estimates for the work. • The map on slide 14 shows the two portions of work – an east portion and a west portion. • The two pieces of work are fairly similar size in terms of pricing. They are geographically separated with one transition point in the middle. <p>Gordon Taylor, EGM of Major Projects:</p> <ul style="list-style-type: none"> • The different contractors competing for the work had different strengths and weaknesses and different price points. • As part of the evaluation process, we had an independent third party company provide us with clean sheet estimates to ensure a contestable process and the best possible price. <p>Craig Stallan, EGM of Delivery:</p> <ul style="list-style-type: none"> • The market screening part of the procurement process helped inform the size of those
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			<p>packages and the breakup between them.</p> <ul style="list-style-type: none"> The market screening looked at the options for breaking up the work into different sizes and portions. <p>Brett Redman, CEO:</p> <ul style="list-style-type: none"> While this is a more complicated way of procuring, we have done this with the objective of driving the best and most certain cost outcomes. These projects are very large – breaking them up into portions of work allows contractors to bid with more confidence in a constrained market.
<p>5.</p>	<p>Major project updates EnergyConnect Stephen Troughton, Project Director, EnergyConnect</p>	<p>Christiaan Zuur, Clean Energy Council:</p> <ul style="list-style-type: none"> Is Transgrid having any discussions with EnergyCo, exploring the relationships between EnergyConnect and the declaration of the South West REZ? The batching process idea, such as that for the Central- West Orana REZ, is intended to accelerate things, but we are hearing from members that in practice, this could slow things down. We are watching what's happening in the South West REZ with interest, because it potentially sets a precedent for how access may be controlled to parts of the shared transmission network. Potentially it is very good for a number of developers if it does provide that certainty, but for many others it potentially creates risk. 	<p>Brett Redman, CEO:</p> <ul style="list-style-type: none"> Yes, we are. In many respects we're acting as a responder and advisor rather than a driver of what's happening in the South West REZ. One of the debates involved is around the pros and cons of a closed versus open access regime. Different generators have different views on this. The risks being managed in this debate, largely sit with the generator. EnergyCo look to be favouring a closed or auctioned approach to access. The South West REZ was originally envisaged to involve a lot more than EnergyConnect.

		<ul style="list-style-type: none"> • Suggested holding a separate further discussion on the implications of the South West REZ. 	<ul style="list-style-type: none"> • The South West REZ will eventually pick up parts of VNI as well. • We encourage those that are interested or have a view on this, to make a submission to EnergyCo. <p>Marie Jordan, EGM of Network:</p> <ul style="list-style-type: none"> • An important issue is the time involved in connecting the renewables as we look at some of the closures coming. • The closed approach does take longer than it would under an open access arrangement, to get projects online.
	<p>VNI West Harry Mercer, Project Director, VNI West</p>	<p>No questions or issues raised.</p>	
	<p>Sydney Ring Projects Mark McEneaney, Project Director, Sydney Ring Projects</p>	<p>Michael Lynch, PIAC:</p> <ul style="list-style-type: none"> • Interested to know more about EnergyCo taking the lead on stakeholder engagement. • Do you know much about the internal structures in place and how that arrangement will work? <p>Leigh Clemow, EUAA:</p> <ul style="list-style-type: none"> • Cautioned about potential reputational issues for Transgrid if the stakeholder engagement approach is not positive. • Referenced the stakeholder engagement experience on the VNI West project in Victoria. 	<p>Mark McEneaney, Project Director:</p> <ul style="list-style-type: none"> • We are working very collaboratively with EnergyCo. • They have a project team established under Andrew Nolan, the Project Director. • We are sharing lessons learnt and providing input. • EnergyCo are leading the stakeholder engagement strategy. <p>Brett Redman, CEO:</p> <ul style="list-style-type: none"> • We are keen to be actively involved in the stakeholder engagement given our experience and learnings from EnergyConnect, HumeLink, VNI.

			<ul style="list-style-type: none"> • These big linear projects haven't been done in decades and we are building a capability that we'd like to be using in this territory.
6.	<p>Regulatory projects engagement AER 2023-2028 Final Decision Stephanie McDougall, General Manager of Regulation</p>	<p>Christiaan Zuur, Clean Energy Council:</p> <ul style="list-style-type: none"> • Can you provide a quick overview of what the SSR operational technology is? 	<p>Marie Jordan, EGM of Network:</p> <ul style="list-style-type: none"> • One of the critical issues we are looking at is how to operate a future network with the volume of renewables coming online versus the coal-fired generators that we have historically worked with. • We need to be able to quickly model changes in the system, voltage control and system strength across different areas. • The number of alarms that are coming into our network has increased tremendously. In addition to needing more operators, we need to mitigate against alarm fatigue and ensure we have the ongoing capability to run a safe and stable system.
		<p>Christiaan Zuur, Clean Energy Council:</p> <ul style="list-style-type: none"> • What are the triggers for this SSR operational technology? If it's a contingent project, what is the trigger to make it happen? 	<p>Stephanie McDougall, General Manager of Regulation:</p> <ul style="list-style-type: none"> • The first trigger is written support from AEMO. This is written support for the implementation of specific operational technology and upgrades, and tools in our control rooms and corporate offices following the successful completion of early works.

			<ul style="list-style-type: none"> • We will complete some early works ourselves and we will undertake a RIT-T in the usual way, or some other equivalent cost benefit assessment. • The other trigger is Board commitment to proceed.
		<p>Leigh Clemow. EUAA:</p> <ul style="list-style-type: none"> • Slide 40 shows Stage Two was approved for Bathurst, Orange and Parkes, but not Stage One of either. Is Stage Two in each scenario, reliant on Stage One or are there more details you can provide? 	<p>Marie Jordan, EGM of Network:</p> <ul style="list-style-type: none"> • We have two non-network solutions that have been put forth to solve the Bathurst, Orange, Parkes and the northwest slopes. • These are batteries and we have not yet done the Request for Proposals. • We kept the network solution as a contingent project for that stage one in case we couldn't find a reliable non-network solution. • Stage Two will require additional growth to come in. The contingent project will not trigger for Stage Two until that growth comes to fruition. • Stage One will definitely be a non-network solution. Stage Two will likely be too large to be managed by another non-network solution.
		<p>Leigh Clemow. EUAA:</p> <ul style="list-style-type: none"> • Does this mean that Stage One will be unregulated in both examples? 	<p>Marie Jordan, EGM of Network:</p> <ul style="list-style-type: none"> • They will follow the regulated process. • We will prescribe or contract a service rather than own a network solution.

			<p>Stephanie McDougall, General Manager of Regulation:</p> <ul style="list-style-type: none"> We will seek to recover costs through the non-network support pass through once the contracts are established.
		<p>Craig Memery, PIAC:</p> <ul style="list-style-type: none"> During the engagement process we made it clear that we support Transgrid having a backstop so that they can do the innovation required to embark on non-network solutions with confidence. The regulations need to be made to be fit for purpose. Was the AER's point in rejecting the cost pass through just in the context of the revenue proposal, or is the rejection final? Does Transgrid have an appetite to submit a rule change proposal? Can we further discuss this at the next TAC meeting? 	<p>Stephanie McDougall, General Manager of Regulation:</p> <ul style="list-style-type: none"> The AER's final decision has rejected it. We are at the end of the process and there is no other way to change that decision. The AER Board has decided not to allow a nominated cost pass through. The only next step would be for a rule change. Transgrid is still digesting the implications of the final decision. We will come back to TAC members at the next meeting to let you know where the business has landed in terms of next steps. <p>David Feeney, General Manager of Regulatory Policy:</p> <ul style="list-style-type: none"> We need some time to figure out what the rule change proposal would involve. Stakeholder engagement and support is really important for a successful rule change proposal.

	<p>Increasing capacity for generation in the Molong and Parkes area RIT-T Robert Alcaro, Network Regulatory Manager</p>	<p>Christiaan Zuur, Clean Energy Council:</p> <ul style="list-style-type: none"> Interested in this project in the context of whether changes may need to be made to the planning, and specifically the RIT-T frameworks, to allow for these kinds of constraints to be identified earlier, and to allow works to commence to address them before they start to bind. Appreciate the time and information provided by the Transgrid team on this issue. 	<p>Kevin Hinkley, Manager of System Planning:</p> <ul style="list-style-type: none"> We have had previous discussions with Christiaan on this topic and the limitations of the RIT-T and how we can bring these projects forward. We are seeing some projects, like line 94T, go from unconstrained to fully constrained within 12 months- this shows the pace of change that is occurring. <p>Robert Alcaro, Network Regulatory Manager:</p> <ul style="list-style-type: none"> We welcome further feedback on our assessment approach for the PADR over the next fortnight. We anticipate completing the PADR in early June.
	<p>Waratah Super Battery (WSB) non-contestable Revenue Proposal Stephanie McDougall, General Manager of Regulation</p>	<p>Leigh Clemow, EUAA:</p> <ul style="list-style-type: none"> Can you please provide a summary of the pros and cons of the Capital Expenditure Sharing Scheme (CESS)? 	<p>Stephanie McDougall, General Manager of Regulation:</p> <ul style="list-style-type: none"> Yes. (Action item noted).
<p>7.</p>	<p>Regulatory Policy and Government Affairs update Financeability David Feeney, General Manager of Regulatory Policy</p>	<p>No questions or issues raised.</p>	
	<p>Government Affairs Nicole Ryan, General Manager of Community, Stakeholder and Government</p>	<p>No questions or issues raised.</p>	
<p>8.</p>	<p>Summary, next steps and close Maryanne Graham, Executive General Manager of Corporate and Stakeholder Affairs</p>	<p>Craig Memery, PIAC:</p> <ul style="list-style-type: none"> There have been five SCADA outages in two years, most recently a day long one in Victoria, and NSW had a couple, AEMO will be investigating. What 	<p>Marie Jordan, EGM of Network:</p> <ul style="list-style-type: none"> There was a 24-hour outage in Victoria, and Transgrid had a 45 minute suspension in NSW.

		<p>does this mean for Transgrid?</p>	<ul style="list-style-type: none"> • These cases were very different. • We have filed our report with AEMO, which is a public document. • The suspension in NSW resulted from human error. We have implemented specific actions and controls to prevent this issue from recurring. • We believe the issue in Victoria was related to a piece of equipment failing. • Both incidents were unrelated.
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2. Action items

Action	Responsible	Due date/ status
Transgrid to organise a separate session with interested TAC members to further discuss the advantages and disadvantages of the South West REZ access scheme.	Transgrid's network and stakeholder engagement teams	Invitation sent to TAC members on 4 May 2023.
Next steps on AER final decision and consideration of rule change proposal to be further discussed with TAC members.	Stephanie McDougall, General Manager of Regulation David Feeney, General Manager of Regulation	Next TAC meeting – 25 May
Transgrid to prepare and circulate a short summary of the pros and cons of the CESS.	Stephanie McDougall, General Manager of Regulation	Next TAC meeting – 25 May
Update on Transgrid's broader stakeholder engagement program to be provided at next TAC meeting.	Maryanne Graham, Executive General Manager, Corporate and Stakeholder Affairs	Next TAC meeting – 25 May

4. Next meeting

The next meeting will take place at 10.30am on Thursday 25 May 2023. The meeting will be held online via MS Teams.

5. Contact details

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

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