



# Transgrid Advisory Council

Meeting #10

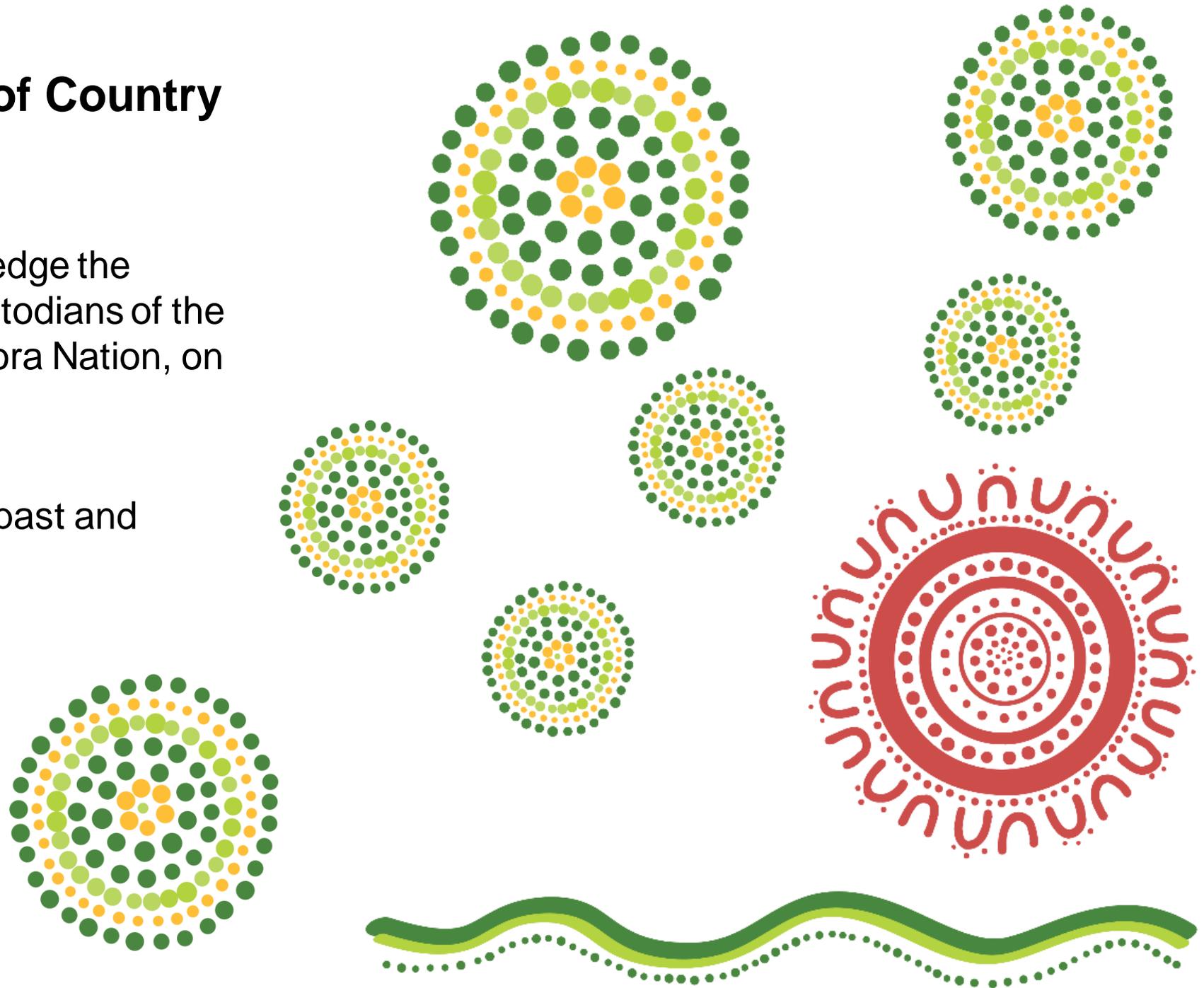
Thursday 16 November 2023

People. Power. Possibilities.

## Acknowledgement of Country

We would like to acknowledge the Gadigal people as the custodians of the lands and waters of the Eora Nation, on which we meet today.

We pay respect to Elders past and present.



# Agenda



**Please note:** today's workshop is being recorded

Time	Topic	Lead
1.30pm – 1.35pm	<b>Welcome and Acknowledgment of Country</b>	Nicole Ryan, GM Community Stakeholder and Government
1.35pm – 1.40pm	<b>Actions from last meeting</b>	Nicole Ryan, GM Community Stakeholder and Government
1.40pm - 2pm	<b>Powering Tomorrow Together (PTT) update</b>	Katherine Crowton, Portfolio Director MP Strategy and Performance Management
2pm – 2.20pm	<b>Non-network Solutions update</b>	Fiona Orton, GM Innovation and Energy Transition
2.20pm – 2.25pm	<b>Waratah Super Battery update – Revised Revenue Proposal</b>	Stephanie McDougall, GM Regulation
2.25pm – 2.30pm	<b>VNI West CPA 1 update</b>	Stephanie McDougall, GM Regulation
2.30pm – 2.45pm	<b>TAC engagement review &amp; 2024 meeting cadence</b>	Cassie Farrell, Senior Stakeholder and Corporate Engagement Manager
2.45pm – 2.55pm	<b>Regulatory Policy and Government Relations update</b>	Neil Howes, Senior Manager Policy Reform Nicole Ryan, GM Community, Stakeholder & Government
2.55pm – 3.00pm	<b>Summary and next steps</b>	Nicole Ryan, GM Community, Stakeholder & Government

**Collaboration point:** are there any topics you want to see in next year's TAC agendas?

# Tracking meeting satisfaction

**We will launch a short poll at the end of each meeting to ask:**

To what extent do you feel you had an opportunity to effectively engage today?



**Do you have further feedback on any of the following topics discussed today?**

- Powering Tomorrow Together update
- Non-network Solutions update
- Waratah Super Battery update
- VNI West CPA 1 update
- TAC engagement update
- Regulatory Policy and Government update

***Objective:*** To seek TAC member views on our engagement performance today

**We appreciate your feedback**

# Actions from last meeting

Action	Status
<p><i>VNI West:</i> Provide a progress update including the timeframe for the establishment of the CCG and First Nations consultative groups. Outline the proposed interrelationship between the two groups and advise if sitting fees will be paid to members of the First Nations consultative group.</p>	<p><i>Updated to be provided today</i></p>
<p><i>HumeLink:</i> Hold a further deep dive into the HumeLink owner's cost/risk estimates to provide more certainty around these.</p>	<p><i>Provided at HumeLink deep dive 2/11/2023</i></p>
<p><i>HumeLink:</i> Reflecting on how the early works spending to manage the possibility of unforeseen cost increases, provide a lessons learned/value gained summary.</p>	<p><i>Provided at HumeLink deep dive 2/11/2023</i></p>
<p>Contact TAC members to schedule a time to discuss our FY 2023 Energy Charter self-assessment and stakeholder engagement performance.</p>	<p><i>Interviews began week commencing 30/10/2023</i></p>
<p><i>WSB:</i> Due to time constraints, hold an additional session with the AER on the key elements of the WSB Draft determination.</p>	<p><i>Time constraints did not allow for this presentation.</i></p>

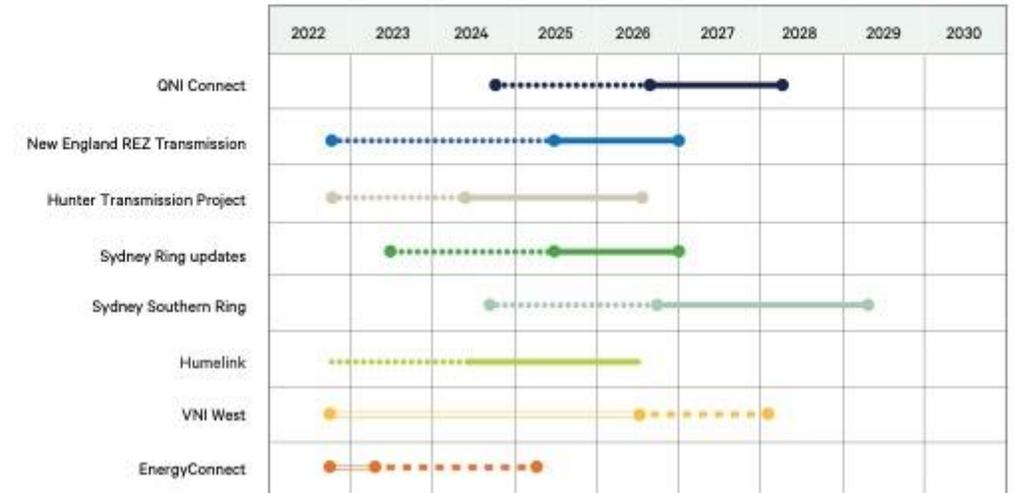
# Powering Tomorrow Together update

Katherine Crowton, Portfolio Director MP Strategy and Performance Management

***Objective:*** to inform the TAC of key updates on the *Powering Together Tomorrow program and major projects*



# Powering Tomorrow Together (PTT)



**Note:** development and delivery timelines are based on 2022 ISP and does not take into account matters such as the acceleration of VNI West to 2028 completion. Completion dates for Future ISP Projects assume completion by the Earliest Delivery Date identified in the 2022 ISP.

## Objectives



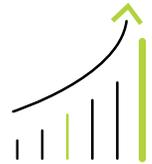
### Safety

Having a robust approach to safety and performance



### Reliability

Being informed, proactive and expert to reliably deliver our project pipeline



### Resourcing

Being a partner and employer of choice with the capability, capacity and resilience to deliver for the long term



### Scale and

Leveraging economics of scale across business and industry to unlock efficiencies



### Social Licence

Creating and protecting social licence through best practice community and stakeholder engagement

# Key successes

1 

## Social License Framework

- 4 workshops held with AER
- Framework presented to the TAC last month
- Arc Blue now assessing framework independently
- Working with HumeLink team for adoption of framework in project Community Investment Plan

2 

## Route selection process

- Use of route selection process for VNI West was successful
- Reached engagement with community earlier on project
- Adopted community feedback into draft corridor report
- Received a good response from community

3 

## Services Partner Panel

- Progressing through a competitive procurement program to appoint Service Partners across:
  - Commercial
  - Planning
  - Integrated Technical
  - Integrated Delivery
  - Project Controls

4 

## Normative Cost Model

- Development of model template to deliver Class 5 estimate for 500kV TLs for Major Projects
- Variables within the model include construction activities including TL line length, clearing terrain type, access tracks, pads, number of crossings, foundation types, tower structure types etc.
- Project risk applied within model

5 

## Indirect Cost Model

- Development of estimate for indirects (excl. contractor delivery costs) for internal approvals and budgeting purposes
- Data within the model includes resources required for each project phase, consultants required, long lead equipment purchases by TG, insurances and other financing costs, etc.

6 

## Portfolio Resource Planning

- Portfolio-wide modelling underway for resource requirements across all Transgrid major projects
- Enables workload analysis and movement of specialist resource groups across respective projects in line with program milestones

7 

## Development of PTT initiatives governance

- Governance and approvals process for PTT initiatives developed for Major Projects
- Links to current identified initiatives and sets foundation for ongoing ideation program within Major Projects

# Key challenges and actions

1 

## Undergrounding

- First parliamentary enquiry completed for feasibility of undergrounding
- Second parliamentary enquiry into undergrounding

### Actions:

- Using first response submission for second enquiry
- Producing a fact sheet on impacts on undergrounding
- Participating in industry reviews around undergrounding

2 

## Project approvals

- EIS for HumeLink extended by 2 weeks

### Actions:

- Meeting with DPE monthly
- Establishing an approval pathway to Minister for projects
- Identifying other agencies input into approvals and setting up regular meeting schedule

3 

## Regional Telecommunications

- Proof of concept for HumeLink declined from Telstra

### Actions:

- Other options are being investigated and tested that could provide a better benefit to community

4 

## Integrated MP Systems

- Transgrid continues to right-size its systems and processes to support delivery of major projects

### Actions:

- Development continues of Project Management Framework, including review and updating of processes and procedures for MP
- Procurement of relevant system licences (eg. P6), underway

5 

## Drone stringing concept review

- Business case developed and under review

### Actions:

- Engagement with Project Directors and key stakeholders on possible commercial arrangements underway

6 

## Tower & Foundation Standardisation

Standardisation for Towers and Foundations completed on HumeLink which is being applied to Hunter Transmission Line and VNI West

### Actions:

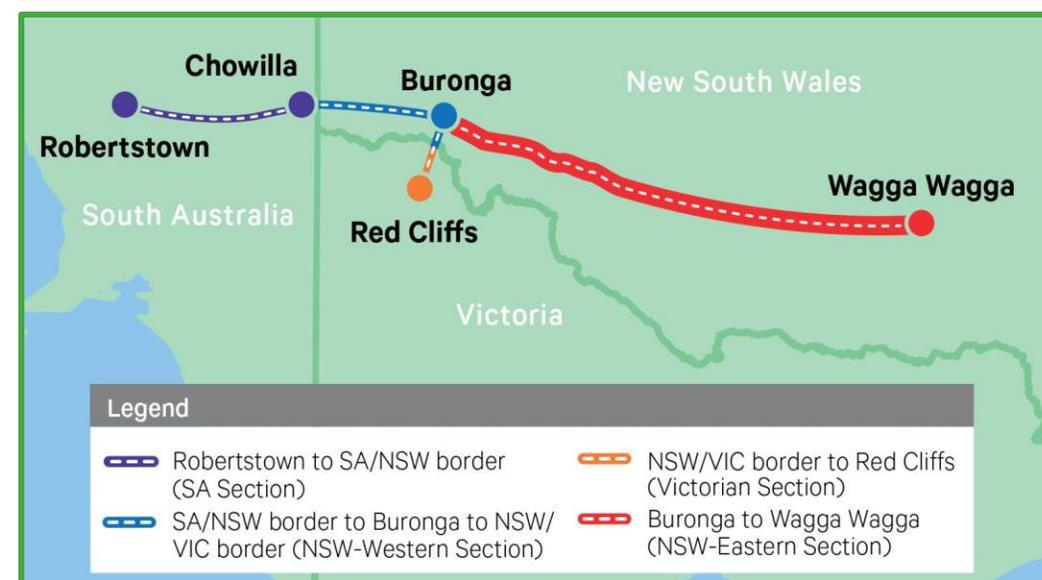
Investigating Helical piles following US trip as a solution for foundations.

**Collaboration point:** are there any successes, challenges or actions you would like us to provide more information on?

# Project Energy Connect (PEC) update

## Where we are on Project Timeline

- ✓ **Line 1 (Buronga to SA Border)** - tower foundations (87% complete), tower assembly (71%) and erection (32%), line stringing has commenced
- ✓ **Buronga Substation** – SynCon assembly
- ✓ **Line 4 (Buronga to Red Cliffs)** - tower foundations (80% complete), tower erections (75%)
- ✓ **Camps 5** operational, Camp 6 and 7 at capacity
- ✓ **Lines 2 & 5 (Buronga to Wagga Wagga)** – early works (clearing & grubbing) ongoing
- ✓ **Dinawan site** fencing installation and construction of access points



## Stakeholder Engagement

### Key engagement activities in last month

- ✓ 389 interactions for October with 4 incoming enquiries and mostly outgoing communications
- ✓ Lockhart camp tour with landholders and council
- ✓ Meeting with RDA Riverina

### Upcoming engagement activities

- ✓ Minister visit to Lockhart camp
- ✓ Electranet CEO visit to Buronga site
- ✓ Presentation to Murrumbidgee Council

## Timeline

**PEC Stage 1**  
July 2024  
(150MW)

**PEC Stage 2**  
December 2024  
(800MW)

## Social Licence

- ✓ CSU Digital Agrifoods summit sponsorship
- ✓ RDA Riverina development of Grow our Own program and Air CV for the jobs website

# HumeLink update

## Where we are on Project Timeline



- Focusing on EIS Submissions Report and Amendment Report scheduled for submission to the DPE in April 2024
- Delivery partner contract signing imminent

## Technical & Delivery Partner

- Construction inputs into amendment report
- Assessing our delivery partner's access tracks and tower PAD construction footprints to ensure the disturbed areas are within the assessed project footprint
- Seeking a viable solution for conductor storage to enable smooth logistical operations between Transgrid and our Delivery Partners
- Weekly design meetings underway
- Progressing delivery partner framework
- Meetings with JV partners established
- Direction for Humelink West & East contractors: proceed as though contracts are in execution phase

## Stakeholder Engagement

- 245 (75%) consent to enter
  - 133 (51%) properties have agreed to option agreements (either in principle, executed or being executed)
  - Close to 90% of landowners have engaged their own lawyer
  - Close to 82% have engaged their own valuer to prepare their compensation assessment
- ### Key engagement activities in last month
- Combined CCG held in Gundagai 31 October
  - October newsletter distributed Wednesday 18 October
  - Finalising amendment report and Gugaa substation engagement strategies

## Social Licence

- Attendance at Charles Sturt Digital Agrifood Summit 2023

## Environmental Approvals

- EIS exhibition completed on 10 October 2023
- Reviewing 154 EIS submissions and preparing Submissions Report for the DPE
- Preparing Amendment Report for submission to the DPE

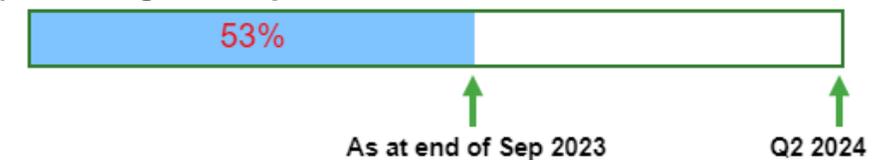
HumeLink Environmental Planning Approvals Pathway



## CPA 1 Update

Actuals to end of Aug-22 (Pre-CPA1 Approval)	<b>\$66.4M</b>
Total (since CPA1 part 1 approval)	\$125.8m
Total <u>Cost to Date (CPA-1 Part 1)</u> as at end of Sep-23	\$192.2m

### CPA 1 (Part 1)\* Funding Envelope to Total Outturn Cost in 2024



As at end of Sep 2023

Q2 2024

# VNI West Project update

## Where we are on Project Timeline

- ✓ Preferred Corridor Report released 6 October 2023
- ✓ PACR dispute resolved by AER 16 October 2023, finalising the RIT-T process
- ✓ Tabled route selection criteria (constraints) at the 1 November Community Consultation Group (CCG) meeting
- ✓ Undertook preliminary field investigations

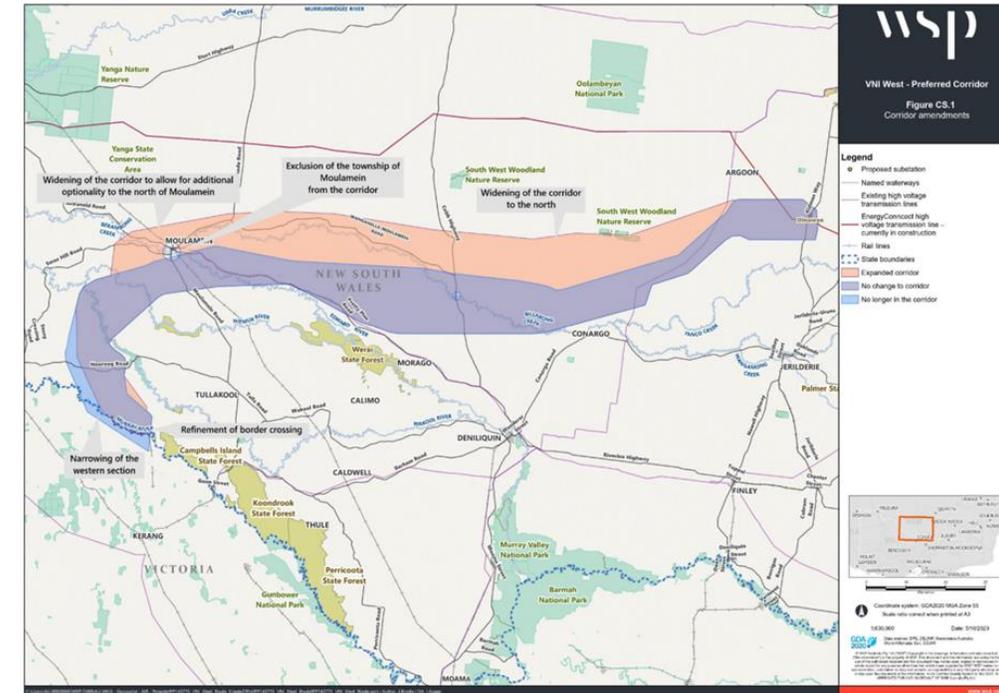
## Stakeholder Engagement

### Key engagement activities last month

- ✓ Published Preferred Corridor Report
- ✓ Landholder discussions
- ✓ Hosted first CCG in Deniliquin

### Upcoming activities

- ✓ Community Consultation Group Meeting #2
- ✓ Transmission Line route development within preferred corridor
- ✓ Establish Indigenous Advisory Group



Preferred Corridor

## Timeline



## Social Licence

- ✓ Scoping and early engagement phase
- ✓ Community investment targets identified to support CPA 1

# Hunter Transmission Project update

## Where we are on Project Timeline

- ✓ EnergyCo publicly announced the establishment of the HTP on its website, as one of the State's most critical projects. The announcement outlines the steps being undertaken to involve community and landholder groups, with consultation to begin immediately and public exhibition of the draft corridor in November
- ✓ On 1 November Transgrid presented to EnergyCo as part of the evaluation of the RFP on the key topics of Planning, Resourcing, Capacity, Commercial and Finance
- ✓ Key project milestones for Transgrid include entering a Commitment Deed in March 2024, Network Operator appointment in December 2024 and AER Determination in May 2025

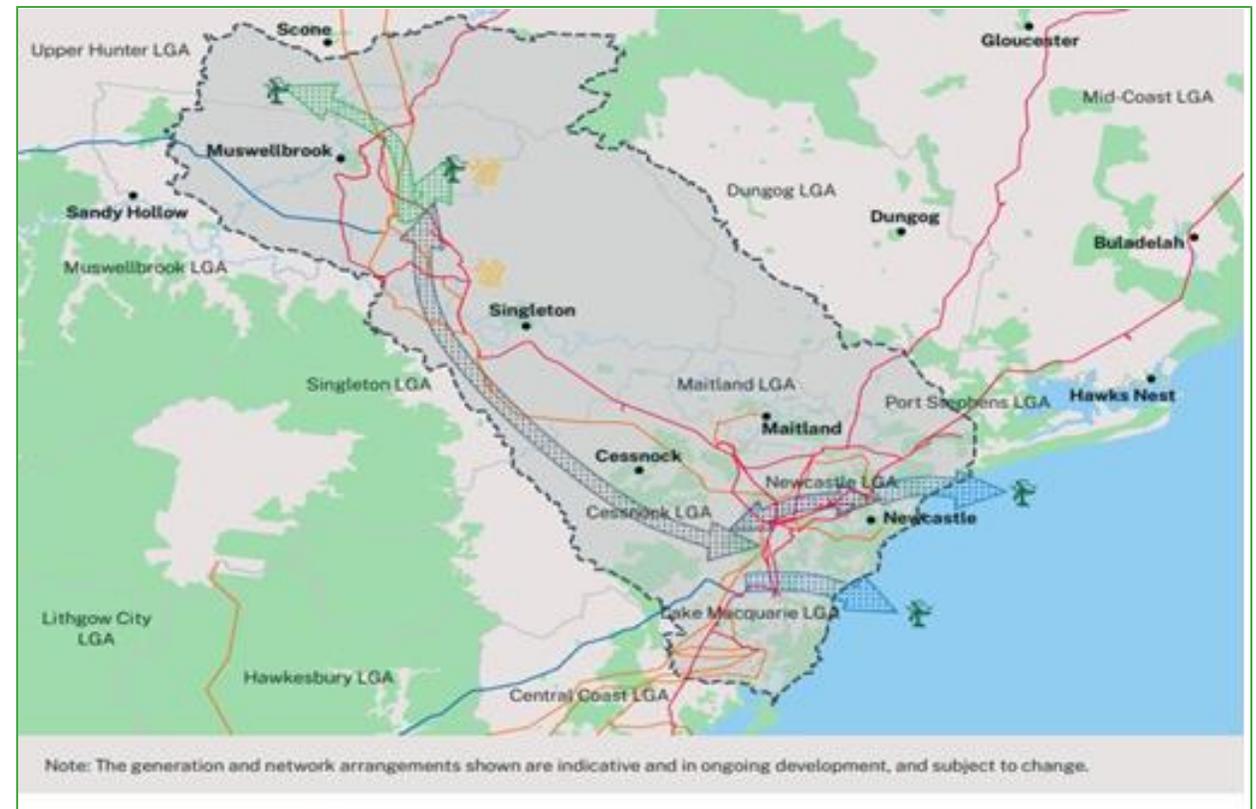
## Stakeholder Engagement



EnergyCo updated its website 25 October with upcoming dates for engagement, community contact line and FAQ's

EnergyCo noted it will refine the preliminary corridor over the next 18 months

## Hunter Transmission indicative project location



Source: EnergyCo Network Infrastructure Strategy

We are here

## Timeline



## Social Licence

- ✓ Working with EnergyCo in development as it builds social licence

# Non-network solutions

Fiona Orton, GM Innovation and Energy Transition

## ***Objectives:***

- 1. To inform the TAC of key updates on the development of non-network projects*
- 2. To seek TAC member views on key issues for consideration as part of the evaluation criteria of RFT submissions for non-network projects for the North West Slopes and Bathurst Orange & Parkes RIT-Ts*



# Transgrid is continuing to develop non-network projects

 <b>Project</b>	 <b>Stage</b>
<b>Maintaining reliable supply to Broken Hill</b>	Network support contract agreed (Hydrostor advanced compressed air storage facility)
<b>Improving stability in south-western NSW</b>	Commercial negotiations (Committed BESS in Riverina region)
<b>Maintaining reliable supply to the North West Slopes area</b>	Competitive procurement process – RFT closed
<b>Maintaining reliable supply to Bathurst, Orange and Parkes areas</b>	Competitive procurement process – RFT closed
<b>System Strength in NSW</b>	RIT-T in progress <sup>1</sup>
<b>TAPR 2023 identifies +8 new or updated potential network support opportunities in the coming years</b>	RIT-Ts to commence from late 2023

<sup>1</sup>Related to system strength, there have been developments in the Operational Security Mechanism (now called “Improving security frameworks for the energy transition”) including:

- Acknowledgement from the AEMC that the proposal is too complex and cannot be delivered on time
- A delay in the rule change final determination by the AEMC to the end of Q1 2024 or Q2 2024
- Analysis by Endgame Economics indicating that variable system strength payments to non-network providers, as recently proposed by the AEMC, could be around \$300m in FY2028 (which is greater than Transgrid’s annual opex)

# Competitive procurement of non-network solutions: Ongoing process for North-West Slopes and Bathurst Orange Parkes

**Transgrid is currently in the process of evaluating RFT submissions of non-network projects for the North-West Slopes and Bathurst Orange Parkes RIT-Ts. Transgrid received responses on 23 October 2023.**

**Evaluation criteria** (ordered in terms of weighting, from highest to lowest):

1. Service efficacy
2. Service fee
3. Commercial terms
4. Completion date & delivery confidence
5. Performance record
6. Financial capacity
7. Ethics, sustainability & resilience

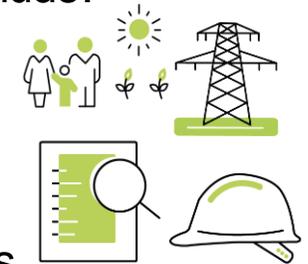
## Collaboration points:

- Are there any other factors we should consider when evaluating?
- What are the TAC's key concerns on outcomes?
- Are there ways for the TAC to be further engaged in the process?
- Is there anything else we are missing?

Due to the commercial nature of this process, we are unable to provide further details on the submissions/process.

# Challenges and barriers for non-network solutions still remain

Transgrid still considers that the regulatory framework should support TNSPs to implement non network solutions where they are in the best interests of consumers and that the existing Rules may not be doing enough to drive this outcome. As previously identified, potential issues in the current framework include:



- Lack of consumer centricity and consumer cost transparency
  - Regulatory risk – lack of certainty prior to contracting and timing of cost recovery
  - Lack of alternative options if suitable non-network options cannot be implemented
  - Lack of incentives or reasonable remuneration for TNSPs to implement innovative solutions
- We are progressing plans (covering timing, content and broader approach) to develop a rule change to the AEMC on the above issues.
  - We have started to discuss with external consultants to identify appropriate resources to support this work.
  - There may be multiple stakeholders across the industry interested in progressing reforms in this space (e.g. CEC’s Power Playbook recommendations on improving non-network solutions framework).
  - Transgrid is keen to collaborate with the TAC on this further.

We welcome TAC feedback on next steps.

# Waratah Super Battery Revised Revenue Proposal

Stephanie McDougall, GM of Regulation

***Objective:*** To inform the TAC of key updates on the  
*WSB Revised Revenue Proposal*



*Note: verbal presentation, no slides*

# VNI West CPA 1 update

Stephanie McDougall, GM of Regulation

***Objective:*** To inform the TAC of key updates on the VNI West CPA 1 update



*Note: verbal presentation, no slides*

# TAC Engagement Update

Cassie Farrell, Senior Manager, Stakeholder and Corporate Engagement

## ***Objective:***

- 1. To share findings from our quarterly survey with you*
- 2. To seek TAC member views on our draft meeting structure for 2024*



# TAC Engagement 2023 Review

- **Thank you** for providing feedback on our TAC engagement
- We have **assessed our performance against the AER's expectations** on consumer engagement (Better Resets Handbook) and have incorporated your recent feedback
- We have **identified opportunities** for improvement and are working on a **continuous improvement plan** that we will present to you in the coming weeks
- Based on earlier feedback from the TAC, we **continue to evolve the design and membership** of the TAC and will share more on this also in the coming weeks
- We are committed to further embedding our **better practice engagement principles** and seeking regular feedback from you on our performance

**18** meetings held to date in 2023

**HumeLink CPA 2** discussed at **10** meetings

**TAC engagement score** gained at **5** meetings

**TAC quarterly surveying** completed 14/11

# TAC engagement survey scores snapshot (Q1 23/24)

**7.3 /10**  
overall  
engagement

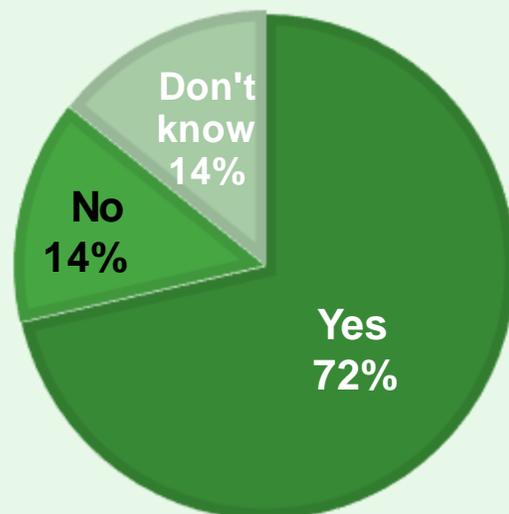
**7.1 /10**  
open and  
transparent  
communication

**7.3 /10**  
following  
through on  
agreed actions

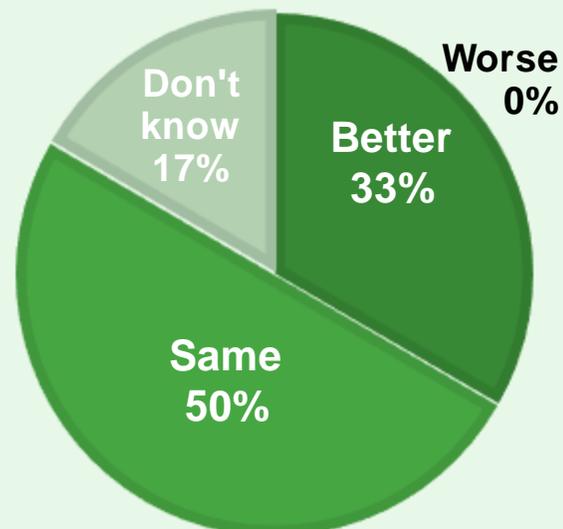
**6.9 /10**  
opportunities/  
approach to  
collaboration

**6.8 /10**  
giving  
stakeholders  
a genuine voice  
in decision-  
making

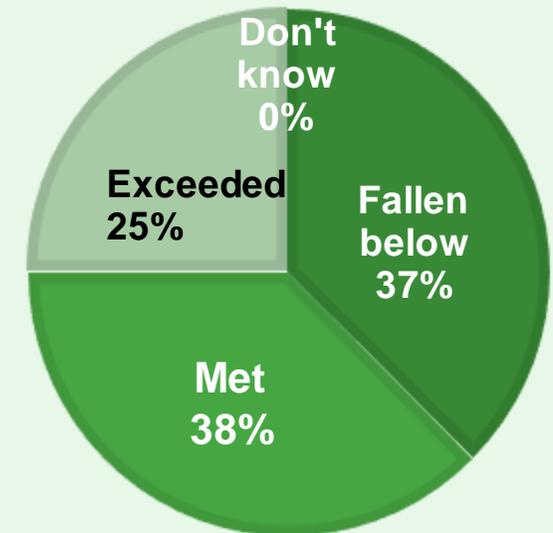
Have we provided you with adequate information and engagement opportunities on key issues and projects?



Has our approach got better, worse or stayed the same?



Have we met, exceeded or fallen below your expectations?



# Transgrid's Energy Charter Disclosure Report FY 23

## How you scored us

**7.75/10**

for our engagement performance in relation to the Energy Charter engagement objectives for the preparation of our report

## What you told us we can improve on

- Provide clearer purpose of accountability process
- Tell us in advance of the key areas for TAC to engage on in the preparation of the report
- Consider how ISP customers would react to our assessment
- Don't put the document away – keep referring to it

## What you told us about our Energy Charter Disclosure Report

**Good, very informative.**

***Initially unimpressed - after we discussed and Transgrid changed their ratings and took on feedback, I was impressed.***

**Be clearer on customer and consumer language. Greater focus and emphasis needed on consumers. Need to focus on what impact has been achieved (metrics) and provide greater context.**

- ***Favourable. Appreciated layout, narrative, data and graphs.***
- ***Good to show tracking over time.***
- ***Very easy to digest.***

# Examples of areas for improved TAC engagement

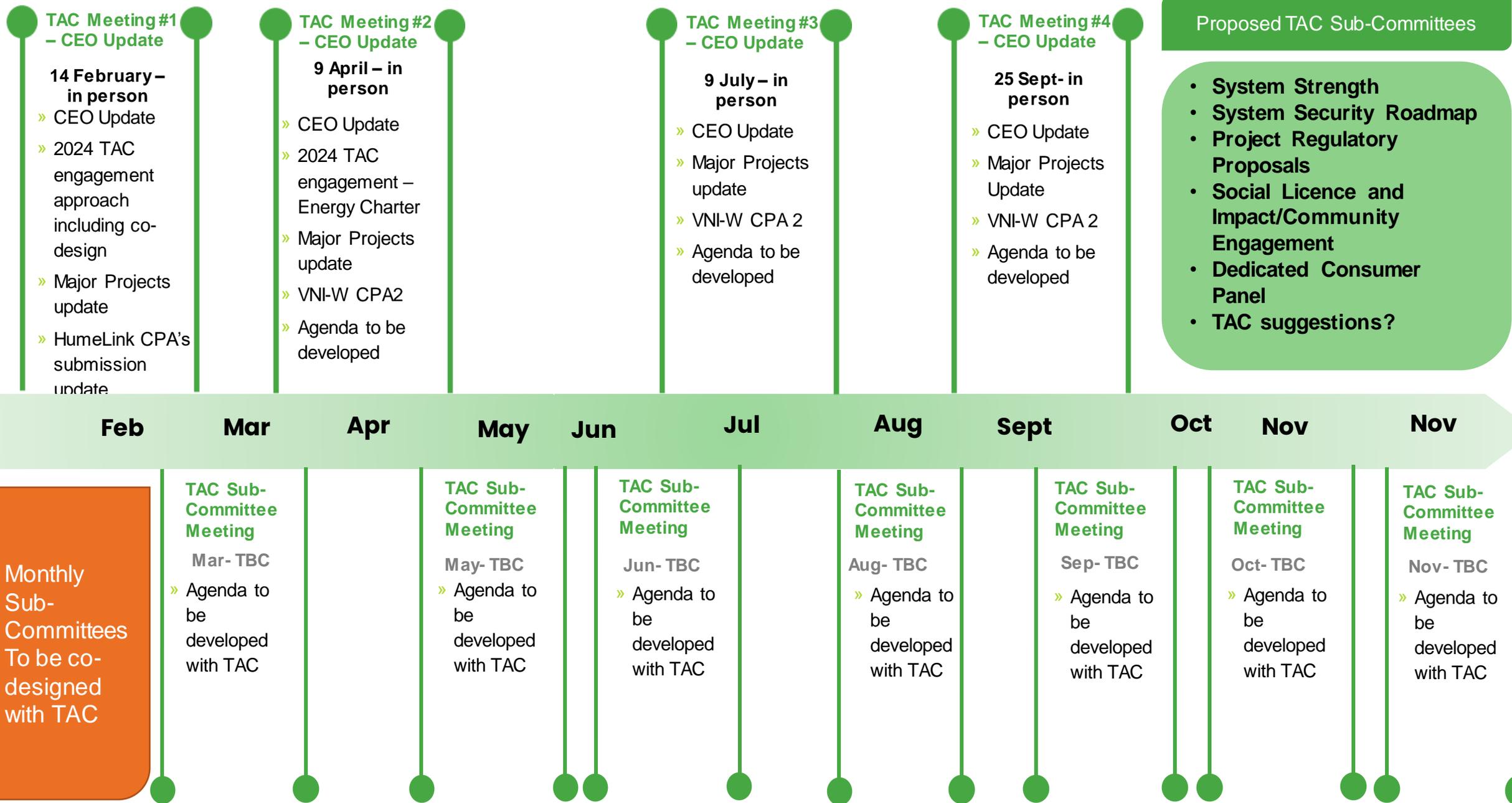
*In alignment with AER best practice principles and expectations engagement of consumer engagement*

Aligns with the AER's consumer engagement best practice principles and expectations	How we will respond
<b>Accessible, clear and transparent engagement</b>	<ul style="list-style-type: none"><li>✓ We will better outline our engagement objectives, to provide more clarity on the level of engagement and influence we are seeking from the TAC</li><li>✓ We will continue to sincerely improve transparency, access to information, communicate timelier and be more responsive to your needs</li><li>✓ We will share how your input has informed our work, such as decisions, submissions or communications</li><li>✓ Meeting materials will be supplied further in advance of meetings (where possible) and deep dives scheduled with more notice</li><li>✓ We will work on refining the focus and objectives of each meeting, to achieve more meaningful engagement with the TAC</li></ul>

***More to come soon on our continuous improvement engagement plan...***

***Collaboration point: what are your views on these examples of improvement?***

# 2024 Proposed TAC sub-committee meeting design



*Deep Dives on specific Sub-Committee topics developed as and when required with appropriate timeframes scheduled and agreed with the TAC*

# Regulatory Policy and Government Relations update

Neil Howes, Senior Manager Policy Reform

Nicole Ryan, GM Community, Stakeholder and Government

***Objective:*** To inform the TAC of key updates on Regulatory Policy and Government Relations matters



# Regulatory Policy update

## **AER Directions Paper on social licence – submissions due 1 December:**

- Transgrid acknowledges the need for open and genuine community engagement in the planning process. While we support the intent of the Directions Paper, the AER's approach should be flexible and not overly mechanistic.

## **Harmonising the rules to incorporate the updated national energy objectives – submissions to AEMC draft decision due on 7 December:**

- AEMC draft decision is in line with our submission to the AEMC's consultation paper and we will be making a supportive submission.

## **Improving security frameworks during the energy transition rule changes:**

- Working with AEMC and industry participants to ensure we have a framework which is in the long-term interests of consumers, particularly minimising price and cashflow volatility.

## **AEMC draft decisions on financeability and concessional finance rule changes – due 16 November:**

- Transgrid will review the AEMC's draft decisions with a view to making submissions.

# Government Relations update

## **NSW Select Committee examining the undergrounding of infrastructure:**

- Submissions closed 10 November
- Hearing to be held 27 November
- Report expected to be released 31 March.

## **NSW Estimates:**

- Minister for Energy - reiterated 'need for speed' to get projects into the ground
- NSW Treasurer - questioned around the cost of Eraring – Coalition critical of extension and the potential cost
- NSW Minister for Planning – again confirmed he and Minister Sharpe are examining ways to streamline approval process for energy projects.

## **Net Zero Bill (NSW):**

- Inquiry into the Climate Change (Net Zero Future) Bill 2023 completed
- Report to be tabled in the Legislative Council 17 November
- Debate to occur before end of Parliamentary year – amendments expected.

## **MP Engagement:**

- Meeting with Minister for Planning
- Member for Wagga visited Lockart Camp

# Summary and next steps

Nicole Ryan, GM Community, Stakeholder & Government



# 2023 TAC meeting program

18 consultations since March 1, 2023.  
Thank you for your participation.

## Previous meetings

- TAC #1 – 1 March
- TAC #2 – 23 March
- System Strength – 28 April
- TAC #3 – 3 May
- TAC #4 – 25 May
- System Strength – 7 June

**First meeting for 2024 – 14 February  
(The Grace Hotel, Sydney)**

**HumeLink CPA-2  
Deep Dive #4  
24 November**

### TAC Meeting #5 28 June

- Major projects
- Further HumeLink Stage 1 CPA
- HumeLink CPA2
- TAPR FY23
- Waratah Super Battery
- Regulatory Policy
- Government Relations

### TAPR FY23 consultation 12 July

### System Strength TAC subcommittee 27 Jul and 18 Sep

**HumeLink CPA2:**  
costings consultation  
sessions held 15 Aug,  
5 Sep and 2 Nov.

### TAC Meeting #8 21 September

- Energy Charter FY23 Disclosure
- HumeLink CPA2
- VNI West CPA2 update
- Community consultation
- CWO REZ update
- Regulatory Policy
- Government Relations

### TAC Meeting #10 16 November

- VNI-W CPA1
- WSB
- Non-network Solutions
- TAC Engagement Review & feedback
- Regulatory Policy
- Government Relations

June

July

August

September

October

November

### 7 July

Pros and cons of the Capital Expenditure Sharing Scheme (CESS) consultation

### TAC Meeting #6 20 July

- CEO update and discussion
- Major Projects updates
- HumeLink CPA2
- Waratah Super Battery
- Regulatory Policy
- Government Relations

### TAC Meeting #7 24 August

- Energy Charter FY23 Disclosure
- VNI West CPA1 update
- VNI West community consultation
- HumeLink pre-brief EIS Exhibition preview
- HumeLink CPA2
- Regulatory Policy
- Government Relations

### TAC Meeting #9 18 October

- CEO update and discussion
- Major projects updates
- HumeLink CPA2
- Waratah Super Battery
- Regulatory Policy
- Government Relations
- Systems Strength Sub Committee meeting

# Tracking meeting satisfaction

## A reminder to complete our short poll – launching now

To what extent do you feel you had an opportunity to effectively engage today?



not effective



very effective

Do you have further feedback on any of the following topics discussed today?

- Powering Tomorrow Together update
- Non-network Solutions update
- Waratah Super Battery update
- VNI West CPA 1 update
- TAC engagement update
- Regulatory Policy and Government update

**We appreciate your feedback**

# Thank you

## Contact details

For further information or discussion, please contact:



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