

# TAC Meeting Notes

<b>Meeting title:</b>	CEO TAC Meeting #1	<b>Date:</b>	12 February 2025
<b>Location:</b>	Microsoft Teams and Transgrid Office 180 Thomas Street Ultimo	<b>Time:</b>	9.30am-12.30pm
<b>Chairperson:</b>	Maryanne Graham, EGM Stakeholder, Regulatory and Corporate Affairs		
<b>Attendees:</b>			
<b>TAC Members</b>	Tennant Reed ( <i>in person</i> ) Wendy Black Kim Woodbury Scott Young Michael Dello-lacovo ( <i>in person</i> ) Mary Karras ( <i>in person</i> ) Andrew Richards Leigh Clemow Louise Benjamin ( <i>in person</i> ) Rod Stowe Adrian Dwyer ( <i>in person</i> ) Craig Memery Michael Lynch Brian Williams Gavin Dufty ( <i>in person</i> )	Australian Industry Group Business Council of Australia City of Sydney Commonwealth Bank of Australia Energy Consumers Australia Ethnic Communities Council NSW Energy Users Association Australia Energy Users Association Australia Independent Independent Infrastructure Partnerships Australia Justice and Equity Centre (formerly PIAC) Justice and Equity Centre (formerly PIAC) Snowy Hydro St Vincent de Paul	
<b>Transgrid Representatives</b>	Brett Redman ( <i>in person</i> ) Gordon Taylor ( <i>in person</i> ) Maryanne Graham ( <i>in person</i> )  Marie Jordan ( <i>in person</i> ) Stephen McSweeney ( <i>in person</i> ) Monika Moutos ( <i>in person</i> ) Nicole Ryan Grant Nowland ( <i>in person</i> ) Jeremy Roberts ( <i>in person</i> ) Struan Wison ( <i>in person</i> ) Daviel Banovic ( <i>in person</i> ) David O'Hara ( <i>in person</i> ) Jane Deane ( <i>in person</i> ) Christian Abran Zainab Dirani Belinda Ackermann ( <i>in person</i> ) Amelia Baker ( <i>in person</i> )	Chief Executive Officer Executive General Manager Major Projects Executive General Manager Stakeholder, Regulatory and Corporate Affairs Executive General Manager of Network Executive General Manager, People & Culture General Manager of Regulation, Policy and Governance General Manager of Stakeholder, Government and Advocacy General Manager Development Regional Major Projects Director Regional Major Projects Director General Manager Operations General Manager of Projects Senior Manager Stakeholder and Corporate Engagement Senior Manager Regulation Policy and Advocacy Manager Senior Advisor - Stakeholder Engagement Stakeholder Relations Advisor	
<b>Transgrid Board of Directors</b>	Grant King ( <i>in person</i> ) Charles-Edouard Mariolle Cristina Cifuentes Christopher Curtain Rudy Sherrif	Transgrid Non-Executive Director and Chair Transgrid Director Transgrid Director Transgrid Director Transgrid Director	
<b>Other attendees</b>	Sue Vercoe Isabel Thompson ( <i>in person</i> ) Owen McIntyre Alex Burk	SEC Newgate SEC Newgate AER AER	
<b>Apologies</b>	Christian Zuur Liz Ritchie Panos Priftakis	Clean Energy Council Regional Australia Institute Snowy Hydro	

## Meeting Summary

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### Summary of Meeting

#### Acknowledgment of Country

The meeting began with an acknowledgment of the traditional custodians of the lands, the Gadigal people of the Eora nation, and their continuing connection to the land.

#### Action items from the last TAC meeting

The first quarterly TAC meeting of 2025 included a summary and update on action items from the last meeting on 25 September 2024.

Action Items:

- Financeability Follow-Up: It was noted that instead of a singular session on financeability, the topic will continue to be addressed through individual regulatory proposals and projects.
- Policy Reform Priorities: Clarified during the meeting.
- 2024 Engagement and Expectation Study: Update noted as in progress.

#### Key Discussion Points:

*A TAC member suggested incorporating further discussion on financeability in the upcoming risk workshop.*

### CEO update and Q&A

The CEO reaffirmed Transgrid's commitment to diversity and inclusion, emphasising ongoing improvement.

Global climate policies and their potential impact on Australian projects were noted, with emphasis on maintaining a robust transmission network.

The CEO provided updates on the construction of replacement transmission towers and long-term solutions for on-site generators in Broken Hill. The update concluded with reaffirmation of Transgrid's commitment to providing a secure and reliable transmission network and an apology to the Broken Hill community for the impact of the outage.

The CEO provided an update on EnergyConnect, noting that the project is progressing well under the new contract with Elecnor, with no injuries and productivity metrics being met.

In an update on Humelink, the CEO mentioned that the final investment decision (FID) was reached before Christmas, with significant funding from the Clean Energy Finance Corporation (CEFC) and equity holders.

The CEO provided an update on the Hunter Transmission Project, mentioning that Transgrid signed a commitment deed with EnergyCo.

There was discussion regarding inland Renewable Energy Zones (REZs) and the future potential for development of renewable projects. Inland renewable projects were discussed, highlighting cost advantages over off-shore wind projects.

## TAC Focus Area Updates

### Customer and Projects Review Pillar – Major Projects Portfolio

An update was provided on major projects. Transgrid noted that two projects are in construction, and a further two are in development. Net project costs on EnergyConnect were noted to be at \$3.6 billion, impacted by Covid-19 and international factors. HumeLink, with a \$4.8 billion investment, has started, with major construction expected in May-June. VNI West's EIS is expected by mid-2025. Transgrid's investment of \$11 million in local employment and training was mentioned, along with ongoing efforts to enhance indigenous procurement as part of these projects.

*A TAC member asked about the degree of confidence on HumeLink and the class of certainty on FID. Transgrid stated that they aim for Class 2 certainty, though land procurement remains at Class D. Over 90% of land procurement is complete, with final acquisitions expected by February. It was noted that some confidence can be attributed to Transgrid's previous performance on large projects such as Queensland New South Wales Interconnector (QNI), Victoria New South Wales Interconnector (VNI), Powering Sydney's Future (PSF) and the Waratah Super Battery which were delivered on time and on budget.*

*A TAC member asked about the residual risk in the ex-post review on CapEx being +/- 10%. Transgrid confirmed that the view is to be on target, but that assumption would not be unreasonable.*

It was noted that a commitment deed with EnergyCo for the Hunter Transmission Project was signed in December, and it is classified as a priority transmission infrastructure project and has been declared a critical state infrastructure project.

*A TAC member felt that early forecasts of costs, budgets, and timings can lead to perceived cost blowouts, posing a reputational risk.*

Transgrid acknowledged this feedback and noted that delivering projects on time and budget is a priority.

*Another TAC member suggested presenting ISP numbers in a range, considering government policy impacts, and discussing risks and CapEx outcomes with AEMO.*

Transgrid acknowledged this position.

### Customer and Projects Review Pillar – TAC ways of working and RP4 engagement

The TAC was asked to provide feedback on the existing TAC Purpose Statement and Objectives.

*A TAC member suggested stronger wording in the objectives to reflect the purpose of engagement. Another member suggested aligning the purpose statement better with the scope of engagement. Another felt the existing statement and objectives were appropriate.*

Transgrid will review and update the TAC Purpose Statement and Objectives based on the feedback and circulate a revised version.

SEC Newgate presented the proposed co-design approach for Transgrid's Revenue Proposal 4 (RP4) engagement workshop, emphasizing collaboration between Transgrid executives, board members, and TAC members. A strawman draft Engagement Framework will be shared with the TAC in advance of the RP4 engagement workshop as a starting point for discussions.

A draft early agenda and logistics for the RP4 engagement workshop were presented, and TAC members were asked to provide feedback.

An RP3 Lessons Learned Report was referenced, highlighting what went well with the engagement approach for RP3 and opportunities for improvement for RP4.

*A TAC member highlighted the need for a strategy that considers culture and meaningful engagement, agreeing on starting with a strawman document.*

*Another member pointed out the importance of acknowledging previous engagements and building on feedback received over the last five to ten years.*

Transgrid noted that the process for engagement on RP4 has begun early, ideally starting at least 18 months before the proposal submission, with a preference for 2 years prior.

*A TAC member suggested it was important to understand the scope of the engagement plan and the extent to which participants can influence it.*

*Another member emphasised the relationship with the regulator and the constraints within the regulatory framework. The need for clarity from the AER on participant expectations was highlighted.*

*Another member discussed focusing on affordability and the customer perspective in the narrative, explaining Transgrid's role in the energy transition, addressing trade-offs, and managing expectations.*

The conversation continued with a focus on defining and measuring success for RP4 from both Transgrid's and the TAC's perspectives.

- The AER's Better Resets Handbook (BRH) was referenced, noting the need to define what good looks like and how to measure it.
- Extending the discussion on evaluating effectiveness to include what success looks like for the RP4 process was suggested.

*A TAC member raised the question of what reports will be generated by TAC members or subcommittees to support Transgrid's processes and submissions to the AER.*

*The unique composition of the TAC, with industry, consumer advocate, and financial experts, was highlighted as a strength.*

*It was suggested that a subgroup might be useful in producing consumer reports on Transgrid's RP4 engagement approach for consideration by the AER.*

SEC Newgate clarified that the engagement framework is about co-designing the journey forward, addressing all points raised during the discussion. There was a view from some TAC members that while the engagement approach is promising, it may not yet fully embody co-design.

## **Regulatory Projects Review Pillar**

Transgrid provided an indicative engagement program for the first half of the year and a summary of 2025 policy reform priorities with respect to efficient investment, efficient operation and improved system reliability and security.

*A TAC member suggested including discussions on new tools under efficient investment rule changes, as these mechanisms seem to shift risk allocation. They also suggested early discussions on adjustment mechanisms before they were negotiated with contractors.*

## **Policy and Innovation Pillar – System Operability Contingent Project Application (CPA), System Strength Requirements and focus for 2025**

Transgrid noted several deep dives have been undertaken with the TAC to support the preparation of the Project Specification Consultation Report (PSCR) for the proposed control room upgrades. Transgrid also engaged with DNSPs and TNSPs and various government bodies. Transgrid noted that the Project Assessment Draft Report (PADR) is currently being prepared.

*A TAC member asked about rooftop solar's influence on system strength shortfall.*

Transgrid responded that additional procurement of synchronous condensers was the best option to address the shortfall with the retirement of the Eraring power station. Even without Eraring's retirement, more generator downtime is expected, leading to higher costs.

*A TAC member requested a follow up meeting and more information on black start capability programs, which Transgrid agreed to provide.*

TAC members were invited to join a Demand Management Innovation Allowance program panel.

### **Summary, reflections and next steps**

Transgrid provided a reflection on meeting discussions and opened the floor to feedback and additional questions. TAC members also shared their reflections on meeting outcomes.

## Action items

Action	Person Responsible
Review and provide feedback on the draft for the RP4 engagement workshop.	TAC Members
Update RP4 engagement workshop agenda in line with TAC feedback and coordinate with TAC members to determine who will speak on specific sections of the engagement workshop.	Senior Manager Stakeholder & Corporate Engagement
4 March risk workshop to include further discussion on financeability risks.	Senior Manager Stakeholder & Corporate Engagement
Wording of TAC purpose and objectives to be reviewed in line with TAC feedback and circulated to members.	Senior Manager Stakeholder & Corporate Engagement
Meeting to be scheduled between EGM Network, EUAA and JEC for further discussion on Black Start capability	Senior Manager Stakeholder & Corporate Engagement

## Next Meeting

The next TAC CEO meeting is scheduled for Wednesday 7 May, 9.30am - 12.30pm

## Contact details

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

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