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System Security Roadmap Operational Technology upgrades PSCR submission.

Dear Transgrid Regulation team

Energy Consumers Australia (ECA) thanks Transgrid for welcoming views on the RIT-T Project Specification Consultation Report issued on the 14th of October 2024.¹ ECA is generally supportive of developing new capabilities to accommodate the demands of the energy transition, but would like to see more evidence showing that the options presented for technology upgrades have net benefits in the best interests of residential and small business energy consumers before supporting any of the options.

Transgrid is applying the Regulatory Investment Test for Transmission (RIT-T) to three options² for Transgrid's System Security Roadmap Operational Technology (SSROT) to upgrade operational technology and tools for use in our control rooms and corporate offices.

Option	Capability	Scope	Capital cost (\$m) +/- 25%
Option 1	Reactive capability	Enhancements to Transgrid's existing core OT capabilities	77.9
Option 2	Proactive capability	Moderate enhancements across a portfolio of Transgrid's existing OT capabilities, as well as additional new capabilities	110.1
Option 3	Predictive capability	Advanced enhancements to existing capabilities, as well as additional advanced new capabilities	131.6

The AER accepted the SSROT project as a contingent project for Transgrid's 2023-28 regulatory period, subject to the successful completion of early works and fulfilling specific trigger events, which are:³

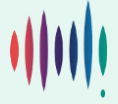
1. Receiving AEMO's written support.⁴
2. Successful completion of a RIT-T which demonstrates that the preferred option (or part of the preferred option) that maximises net economic benefits is the investment in technological upgrades and tools that has written support from AEMO.
3. Transgrid Board commitment to proceed with the development of the operational technology upgrades and tools, subject to the AER amending the Revenue Determination pursuant to the Rules.

¹ [System Security Roadmap Operational Technology Upgrades](#)

² [System Security Roadmap Operational Technology Upgrades](#) page 6

³ [AER - Transgrid 2023-28 - Final Decision - Attachment 5 Capital expenditure - April 2023.pdf](#)

⁴ ECA acknowledges AEMO's letter of support [aemo-pscr-letter-of-support.pdf](#)



Transgrid has noted the need for an upgrade to these capabilities due to the increasingly complex and changing NSW/ACT power system.⁵ Transgrid notes that they expect market benefits from the proposed options primarily from:

- *reduced expected unserved energy (EUE), resulting from reduction in the risk of contingency events escalating to point where load shedding is required; and*
- *reduced dispatch costs and reduced greenhouse gas emissions, resulting from the ability to operate the system with fewer constraints on low-cost and low-emission renewable generation.*⁶

ECA agrees that these are expected benefits. However, ECA would like to see further work — such as a cost benefit analysis — to ensure that consumers, particularly residential and small business energy consumers, will receive a net benefit as a result of this capital expenditure, since the cost would be passed on to consumers through increasing the transmission network component of their bill. Volatility of wholesale price should ideally be part of this assessment, as well as estimating the likelihood that savings would be passed on to consumers. ECA would apply this same principle to determine which of the three options, if any, we would support.

Transgrid has also noted that these upgrades will assist with ensuring compliance with the National Electricity Rules (NER) — specifically NER 4.1.12(a). ECA would like to see further analysis in support of this claim, including the likelihood of failure to comply with the NER under status quo operating procedures.

Yours sincerely

Michael Dello-Iacovo
Executive Manager, Advocacy and Policy

⁵ [System Security Roadmap Operational Technology Upgrades](#) page 10

⁶ [System Security Roadmap Operational Technology Upgrades](#) page 4