

Transgrid Advisory Council meeting #3

Meeting summary and actions

23 August 2022

Attendees

Meeting title:	Transgrid Advisory Council Meeting #3 for 2022		
Location:	Via Webex/Ultimo		
Chair:	Brian Salter, EGM Legal Governance and Risk		
Date of meeting	Tuesday 23 August 2022	Time:	9.30am – 12.00pm
Attendees			
Transgrid Advisory Council members	Brian Spak , Director Energy Transformation, Energy Consumers Australia Andrew Richards , Energy Users Association of Australia Craig Memery , Program Director, Energy+Water Consumers' Advocacy, PIAC Kim Woodbury , COO, City of Sydney Panos Priftakis , Head of Wholesale Regulation, Snowy Hydro Scott Young , Executive Director, Commonwealth Bank of Australia		
Transgrid attendees:	Brett Redman , CEO Craig Stallan , EGM Delivery Marie Jordan , EGM Network Gordon Taylor , EGM Major Projects Stephanie McDougall , GM Regulation Kasia Kulbacka , GM Network Planning Padraig Clifford , Project Manager – VNI West Stephen Troughton , Project Director – Energy Connect Nathan Rhodes , Project Director - Humelink Sarah Lim , Regulatory Reporting Manager Cassie Farrell , Stakeholder Engagement Manager Llinos Walters , Community Engagement Advisor Deyi Wu , Stakeholder Relations Advisor Bronwyn Rosser , Industry and Stakeholder Engagement Advisor Hannah Lock , Consultant, KPMG		
Transgrid Board (observers)	Gerard Reiter Stasha Prnjatovic Charles-Eduarde Mariolle Julie Stanley Rachel Tan		
Observers	Elissa Freeman , AER Consumer Challenge Panel Mike Cleary , AER Consumer Challenge Panel Slavko Jovanoski , Director in Networks, AER Richard McGill , AER		
Apologies	Tennant Reed , Head of Climate, Energy & Environmental Policy, AiG Gavin Dufty , Executive Manager Policy and Research, St Vincent de Paul Iain Maitland , Energy Advocate, Ethnic Communities Council NSW Michael Ottaviano , Partner, ERM Advisory Luke Rankovich , Commercial Superintendent, Tomago Aluminium Maria Cahir , Senior Manager, Sales and Business Development, Tesla		

	Sam Fyfield , General Manager – Grid & SCADA, Goldwind Nick Savage , Policy Director - Environment, NSW Farmers Chloe Bennett , Regional Manager, Aboriginal Affairs NSW
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1. Meeting summary

1.1. Overall summary of meeting

The third Transgrid Advisory Council meeting of 2022 started with an update on the energy transition from CEO Brett Redman followed by an open discussion. Key topics included the potential for Federal Government funding via *Rewiring the Nation*; how Transgrid's 'program' approach to major projects could reduce costs for consumers; and how to reduce risks to consumers of potential cost blow outs given inflation and supply chain pressures.

Transgrid provided an overview of network planning including the system security roadmap and Transmission Annual Planning Report, both of which respond to an acceleration in the energy transition. A particular focus of discussion was roles and responsibilities within the energy market in relation to identifying and funding system security projects.

The Major Projects update included the following updates:

- Energy Connect – the western section is now in construction; environmental and planning approval for the eastern section is expected in September;
- HumeLink - early works funding has been approved by the Australian Energy Regulator (AER); environmental impact assessment and landowner consultation is progressing;
- Victoria NSW Interconnector – West (VNI West) – currently undertaking consultation on the Project Assessment Draft Report (PADR) as part of the regulatory approval process.

1.2. Detailed summary of meeting

Agenda Item	Topic presented and presenter(s)	Summary of stakeholder response	Transgrid response
1	Welcome and Introduction <i>Brian Salter</i>	N/A	Noted the upcoming engagement activities in the 2022 TAC schedule.
2	CEO update and open discussion Day-to-day operations including safety and reliability Acceleration of transmission investment program <i>Brett Redman</i>	What is the potential role of the Federal Government's financial support via <i>Rewiring the Nation</i> ?	Transgrid is aiming to respond to the objectives of <i>Rewiring the Nation</i> i.e. ensure transmission is built whilst keeping costs down. Looking at ways to access <i>Rewiring the Nation</i> as a loan, not a handout, to enable low-cost debt which helps keep costs to consumers down. Aiming for the minimum needed to maintain an investment grade credit rating. Also considering other potential uses for <i>Rewiring the Nation</i> e.g.

			for critical system strength projects.
		<p>Consumer representatives need to consider the entire value chain including capacity markets, congestion management and compensation payments. There is a sense of disempowerment in relation to potential cost blowouts. The Federal Government has a significant role to play in relation to consumer risks.</p> <p>Consumers pay for transmission but also battery storage, system security projects etc. i.e. the total build and total risk – hence the importance of a nationally consistent policy.</p> <p>With so much work to do in such a short period of time, conflict seems inevitable. How do we manage that better than in the past?</p>	<p>The next decade is critical. Putting transmission in place now can break some of the ‘chicken and egg’ conundrums in the energy market e.g. by providing more confidence for investment in renewables and also bandwidth for tackling other issues such as capacity.</p> <p>Transgrid recognised the Federal Government will play a key role in guiding the transition - while Transgrid is focussed on keeping costs down and meeting required timeframes in line with the Integrated System Plan (ISP).</p>
		<p>How will a ‘program’ approach lead to reduced costs overall? How will the program approach work with ElectraNet and Ausnet?</p>	<p>The ‘program’ approach for major projects will drive cost efficiencies and help secure resources e.g. by offering a program of 10 years of secure employment; getting the best management teams; by harvesting learnings.</p> <p>Also, all projects connect in and around Wagga Wagga which allows Transgrid to de-risk the overall program and take projects out of a sequential process and into a single process which can be optimised.</p>
		How will Transgrid ensure the program doesn’t slip?	Delays in delivery will increase costs to consumers. Transgrid wants to start consultation on routes earlier.
		Does Transgrid have a view on the congestion management model or the level of generator co-contribution?	Transgrid is focussed on connections and transmission. As a regulated monopoly we are not best placed to engage on this.
3	<p>Network planning update</p> <p><i>Marie Jordan</i> <i>Kasia Kulbacka</i></p>	There is a need for better coordination between Transmission Network Service Providers (TNSPs) and Australian Energy Market Operator (AEMO) on roles & responsibilities for managing system strength, to make sure there are not redundancies. It is important there	AEMO looks at the network as a whole, and Transgrid looks at NSW e.g. impacts of the Eraring closure. AEMO does planning; Transgrid also plans and executes / delivers the solution. Both entities conduct planning, which provides assurance we are

		<p>is clarity in the long-term planning framework and also communication.</p>	<p>seeing the same thing in the system. Agree it's important AEMO and TNSPs are communicating. Transgrid has modelled the system with AEMO and we'll continue to provide feedback into that modelling – a constant conversation over the next decade.</p>
		<p>The Energy Security Board (ESB) has a work stream around essential system services. Is there a risk of overlap and consumers paying for the same type of system strength service i.e. what is the market trying to do and what is regulation trying to do?</p>	<p>Once the new Rule is in place (in a couple of months) Transgrid will be responsible for providing system strength in NSW which centralises and optimises the solutions. The Regulatory Investment Test for Transmission (RIT-T) process will require us to transparently consider different options. The challenge is how to do this rapidly but also transparently. Transgrid is looking at low risk/'no regrets' options, in partnership with regulators.</p>
		<p>Are system security problems being tackled at the wrong place i.e. should the focus be on generator standards?</p>	<p>Transgrid is taking a pragmatic approach – starting with looking for 'no regrets' solutions. We are supportive of conversations with consumer representatives and the AER on ways to fast-track solutions when needed.</p>
4	<p>Major Projects update <i>Gordon Taylor</i></p>		
4a	<p>HumeLink update <i>Nathan Rhodes</i></p>	<p>What level of cost accuracy / certainty will there be at the end of Early Works? It would be good to have details to understand the level of cost accuracy.</p>	<p>Transgrid expects a good level of confidence by the end of Early Works / Contingent Project Application (CPA) 1. We are aiming for a Class 2 estimate for CPA 2 and open to engaging with stakeholders including Energy Users Association of Australia (EUAA) on how this looks.</p>
		<p>What is the rationale for two procurement packages – east and west?</p>	<p>Having two contractors maintains competition; potential to share learnings including on safety; avoids the risk of being tied to a single contractor. Transgrid will provide feedback to the TAC on the proposed</p>

			engagement for development of HumeLink (CPA) 2.
		What was the intent of the Undergrounding study?	Study was at the request of the HumeLink Community Consultative Group (CCG) and undertaken by an independent steering committee. Conclusion shows undergrounding is around three times more expensive and would take several years longer to deliver.
4b	EnergyConnect update <i>Stephen Troughton</i>	(No comments/questions)	
4c	VNI West update <i>Padraig Clifford</i>	One TAC member requested a joint Deep Dive with Transgrid and AEMO to ensure there is consistency in approach / numbers for the PADR.	AEMO has scheduled a Consumer Forum on Monday 5 September which will provide an opportunity to further discuss VNI West PADR together with AEMO and Transgrid representatives. Additionally, Transgrid will coordinate a joint Deep Dive with AEMO on the PADR for TAC members.
5	Recap and next steps <i>Brian Salter</i>	Request to include a copy of the 2021 Independent Accountability Panel report when seeking TAC feedback on the Energy Charter Maturity Self-Assessment.	Agreed.

2. Action items

Action	Responsible entity	Due date	Notes
Provide feedback to the TAC on the proposed engagement for development of HumeLink CPA 2	Nathan Rhodes / Cassie Farrell	Oct/Nov	Items to be considered: - cost estimate accuracy - update on procurement package process
Explore opportunities to further discuss VNI West PADR together with AEMO (as per TAC member suggestion)	Padraig Clifford / Cassie Farrell	Mid-late Sept	Transgrid will coordinate a joint Deep Dive with AEMO on the PADR for TAC members.
Send TAC a copy of 2021 IAP Report with Energy Charter Maturity Self-Assessment	Cassie Farrell	Sept	

3. Contact details

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

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