

Transgrid Advisory Council (TAC) Meeting summary and actions

16 November 2023

Meeting title:	TAC Meeting #10 for 2023		
Location:	Via Microsoft Teams and MR SO180 L01.01		
Chairperson:	Nicole Ryan, GM Community, Stakeholder and Government		
Date of meeting:	Thursday 16 November 2023	Time:	1.30pm – 3pm
Attendees:			
Transgrid Advisory Council Members	<p>Andrew Richards, CEO, Energy Users Association Australia (EUAA) Daniel McEniery, Australian Energy Regulator (AER) – Observer Kim Woodbury, Chief Operating Officer, City of Sydney Leigh Clemow, Policy Manager, Energy Users Association of Australia (EUAA) Michael Lynch, Senior Policy Officer, Public Interest Advocacy Centre (PIAC) Paul Beaton, Senior Policy Officer, Clean Energy Council Scott Young, Executive Director, CBA Sean Mullins, Australian Energy Regulator (AER) – Observer Tennant Reed, Director Climate and Energy, Australian Industry Group (AIG) William Wei, Australian Energy Regulator (AER) – Observer</p>		
Transgrid representatives	<p>Belinda Ackermann, Stakeholder Relations Advisor Cassie Farrell, Senior Manager Stakeholder and Corporate Engagement Christian Abran, Network Regulatory Manager Fiona Orton, GM Innovation and Energy Transition Katherine Crowton, Portfolio Director MP Strategy and Performance Management Louise Birkmann, Regulatory Reporting Manager Neil Howes, Senior Manager Policy Reform Nicole Ryan, GM Community, Stakeholder and Government Robbie Aherne, GM System Resilience Sam Martin, Policy Manager Zainab Dirani, Senior Research Analyst</p>		
Apologies	<p>Christiaan Zuur, Director Energy Transformation, Clean Energy Council (CEC) Craig Memery, Senior Advisor Energy, Public Interest Advocacy Centre (PIAC) Gavin Dufty, Executive Manager Policy and Research Unit, St Vincent de Paul Josef Tadich, Senior Manager Engineering, Tesla Sam Fyfield, GM Grid and SCADA, Goldwind</p>		

1. Meeting summary

1.1. Summary of meeting

The meeting opened with a review of action items from the previous meeting. This was followed by an update on the Powering Tomorrow Together (PTT) procurement program, summarising the program's key objectives, successes and challenges.

The team described the key successes gained through PTT, linked to our social licence framework, route selection process, services partner panel, normative cost model, indirect cost model, portfolio resource planning and governance.

An explanation of key PTT challenges and actions followed, relating to undergrounding, project approvals, regional telecommunications, integrated MP systems, drone stringing concept review and tower and foundation standardisation.

A general update on our major projects portfolio highlighted positive progression with Energy Connect (PEC), and drafting of the HumeLink Environmental Impact Statement (EIS) Amendment Report. This report is scheduled for submission to the Department of Planning and Environment (DPE) in April 2024.

It was noted that the Victoria to NSW Interconnector West (VNI West) draft CPA 1 was submitted to the Australian Energy Regulator (AER). An update on the Hunter Transmission project referenced our continued work with The Energy Corporation of NSW (EnergyCo).

A non-network solutions presentation provided an update on the Broken Hill (maintaining reliable supply) project, referencing that a network contract agreement was executed with Hydrostor. The team reiterated that this innovative project is a compressed air storage facility, using a disused mine in Broken Hill to store compressed air for a long duration energy storage project.

The team explained that they are developing a process in South-western NSW to partner with an existing battery, or a battery in the final stages of development, to provide voltage support services to assist with transient stability issues in the region, and that commercial negotiations for this project are underway.

The team asked for feedback from TAC members on the evaluation criteria for the North-West Slopes and Bathurst Orange Parkes 'maintaining reliable supply' Regulatory Test for Transmission (RIT-T) which closed in October. A discussion on this topic followed, before the team concluded their presentation with a summary of the challenges and barriers remaining for non-network solutions.

An update on the Waratah Super Battery (WSB) referenced that our Revised Revenue Proposal was provided to the Australian Energy Regulator (AER), and we are currently working through an information request relating to this proposal. A final determination is expected in mid-December 2023.

The TAC engagement update shared high-level findings of the interviews held with TAC members seeking their feedback on our engagement performance over the last quarter (Q1 FY 23/24), and on our 2023 Energy Charter Disclosure Report. The team noted that a report of the survey findings will be shared with the TAC.

It was referenced that we have identified opportunities for improvement and are working on a continuous improvement plan that will be issued to the TAC. In addition, the team have assessed our engagement against the AER's *Better Reset Handbook* and will report back to the TAC with a summary of the analysis. The team shared examples of identified focus areas for improvement, along with a proposed 2024 meeting design for discussion with the TAC.

The final update discussed key topics and focus areas for our Regulatory Policy and Government Relations teams. The meeting concluded with a short poll to measure our engagement performance at this meeting. TAC members were invited to attend the next meeting on 14 February 2024, in person.

Item	Topic presented	Summary of stakeholder comments	Summary of Transgrid response
1.	Welcome and Introductions Nicole Ryan, GM Community, Stakeholder and Government		
2.	Actions from last meeting Nicole Ryan, GM Community, Stakeholder and Government		Actions completed or in progress.
3.	Powering Tomorrow Together (PTT) and major projects update Katherine Crowton, Portfolio Director MP Strategy and Performance Management	<p>Andrew Richards (EUAA): You need to aim for better than a Class 5 estimate. At that level of uncertainty, the numbers are almost meaningless for consumers.</p> <p>Andrew Richards (EUAA): <i>(Via MS Teams Chat)</i>. Can we get an understanding of budget to date on the PEC estimate?</p> <p>Tennant Reed (AIG): <i>(PTT update - regional telecommunications point)</i>. Did Transgrid decline the proof of concept – or was this the other way around?</p> <p>Paul Beaton (CEC): Have you reviewed the recently released draft guidelines (NSW Energy Policy Framework) for any impacts/risk? If not, will you review them?</p>	<p>Katherine Crowton: Absolutely. We are moving through all of the classes, but are looking at Class 5 initially, so we can keep them moving on the basis of those estimates. We are certainly moving past that point. It is a valid point – thank you.</p> <p>Katherine Crowton: We will take this on notice.</p> <p>Nicole Ryan: The other way around. I understand that the temporary solution was not feasible, so it is now on a different trajectory. I recently read a document referencing Federal Parliament recommendations that future telco lines follow the same routes, in principle, as transmission. We can take this on notice and come back to you with more.</p> <p>Nicole Ryan: We developed our route selection guidelines earlier in the year - they align with what is proposed. A key difference noted was the distance of power lines from residential properties (defined as 350 metres and a change on what we anticipated). We will need to review what this means for projects such as VNI West, and</p>

		<p>Andrew Richards (EUAA): It is great to get project updates to see how you are tracking on the ground. From our perspective, it would be good to get any early warning signs on ex post cost increase risk. So, tracking budget on the way through – which Transgrid did for Powering Sydney’s Future to some extent which was worthwhile. It would be good to work through these things, or get information from you, as we go through.</p>	<p>future projects, and have scope to ensure we comply.</p> <p>Cassie Farrell: Thanks Andrew – this was discussed at the HumeLink CPA 2 deep dive - to do a working group or similar to track through that for HumeLink and PEC and we can weave that into how we present also.</p> <p>Nicole Ryan: When is a realistic timeframe as to when we can do this?</p> <p>Cassie Farrell: The first TAC meeting in 2024. This is part of the TAC continuous improvements which will be discussed later in the meeting.</p>
<p>4.</p>	<p>Non-network solutions Fiona Orton, GM Innovation and Energy Transition</p>	<p>Andrew Richards (EUAA): On System Strength in NSW, one of the potential providers is existing turbines at coal-fired power stations. Now we have an environmental aspect to the National Energy Objective (NEO), and you would need to price a carbon penalty into procuring that service, have you got any clarity on what is going to drive the price for the analysis?</p> <p>Tennant Reed (AIG): Is the \$300 million presented on the slide (variable system strength payments to non-network providers), a take on what the carbon costs or carbon value associated might be?</p>	<p>Sam Martin: Next Friday, Energy Ministers will meet and we expect to get a value on emissions reductions or a methodology to calculate a value. Once we get that, we hope to get clarification from the AER on how to apply that value to specific RIT-T projects.</p> <p>Fiona Orton: At the TAC System Strength Subcommittee meeting, we discussed using the NSW Treasury figure as a ‘placeholder’ and running sensitivities, as we are in the midst of undertaking the analysis for the Project Assessment Draft Report (PADR) element of the RIT-T. We were unable to wait for the guidance expected next week.</p> <p>Fiona Orton: That value is forecasting short falls in system strength and the short run marginal cost of paying lowest cost generators to be available to provide that service for us. The Australian Energy Market Commission (AEMC) rule change - formerly the Operational Security Mechanism (OSM) and now called ‘Improving Security System Frameworks for the Energy Transition’- is looking at how we can take the responsibility for making those types of payments,</p>

		<p>Tennant Reed (AIG): <i>(on the North-West Slopes and Bathurst Orange Parkes RIT-Ts)</i>. It is a good list. Would it be useful in addition to the weighting approach, to treat some of these as thresholds (particularly financial capacity)?</p> <p>Paul Beaton (CEC): <i>(on batteries with grid forming invertors)</i>. In terms of what is known to work, have you encountered challenges with getting through a RIT-T on those, given there is only one installed in Australia (in relation to performance history)? Do you see promise for these, or are there hurdles to overcome to bring some of these on?</p>	<p>as under the OSM it was envisaged that would be a market function undertaken by the Australian Energy Market Operator (AEMO) to dispatch and set those payments. Drafting in previous months by the AEMC suggests that it would be the Transmission Network Service Providers (TNSPs), system security providers, responsibility to make those payments. A key concern is that the payment is unpredictable and significant, relative to our other expenses, creating cash flow challenges if we are responsible for making those variable payments. Noting that it is likely to be AEMO's responsibility to determine what needs to be dispatched, and our responsibility to pay for it and ensure we are forecasting correctly. It is a significant challenge for us as we operate as a regulated TNSP on a stable, predictable cash flow. It is a key reason as to why we need to talk about the rule change. We need to ensure we have the right prices.</p> <p>Fiona Orton: That is a sensible suggestion going forward. A learning from this process has been to bring forward considerations around financial capacity to the RIT-T when we consider a credible solution. We have seen proponents bid things into a RIT-T in a non-binding way. When we enter a binding commercial process test to see who shows up, some proponents fail to do so as their project is not as solid as it seemed during the RIT-T.</p> <p>Fiona Orton: Great question. This is best directed to Jesse Steinfeld who is in my team. These projects do not require capability to provide a transient voltage stability and thermal service. We are currently working on technical credibility of grid forming invertors to be able to provide system strength services. Currently there is limited global data and track records of</p>
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		<i>weighted against the risk of delivery and upfront capex that the service provider incurs. Otherwise, a comprehensive list of considerations in the previous slide and happy to be involved in any sub-committee discussions.</i>	
5.	Waratah Super Battery update – Revised Revenue Proposal Christian Abran, Network Regulatory Manager	Michael Lynch (PIAC): What is the timeline for the WSB Revised Revenue Proposal?	Christian Abran: It has already been submitted. An AER determination is expected in mid-December.
6.	VNI West CPA 1 update Christian Abran, Network Regulatory Manager	Michael Lynch (PIAC): I am interested in the answers to the AER's questions if this can be shared.	<p>Christian Abran: We can provide updates to the TAC once we have worked through the comments (approximately 30) and responded.</p> <p>Nicole Ryan: What is the timeframe for this?</p> <p>Christian Abran: We are working towards submitting our final CPA 1 in December.</p> <p>Nicole Ryan: We can provide an out of session update to Michael and other TAC members who may be interested in this.</p>
7.	TAC Engagement Update Cassie Farrell, Senior Manager Stakeholder and Corporate Engagement	<p>Scott Young (CBA): <i>(via MS Teams Chat)</i>. In addition to comparing the scores against the AER's expectations, how does it compare to the last survey conducted?</p> <p>Andrew Richards (EUAA): This is good to see - thank you for this level of co-design. It would be worthwhile for TAC members to share their expectations of the TAC, and to hear what Transgrid want from the TAC - to ensure alignment. It would be good to understand what impact we are hoping</p>	<p>Cassie Farrell: This is our first quarterly snapshot (one-on-one with the TAC). Annual research is undertaken by an external party with different questions. We will be undertaking another external assessment in March 2024, which is on Transgrid more broadly. TAC surveying will be undertaken every six months (the next one in May 2024) with the same questions, to see if the dial has shifted.</p> <p>Nicole Ryan: We have that as the second item at the February meeting and can theme it that way (as a co-design approach).</p>

		<p>to have and what impact you want us to have. Perhaps this could be discussed at the first meeting in 2024 and Brett can outline his expectations and the TAC can do something similar.</p> <p>Scott Young (CBA): <i>(via MS Teams Chat)</i>. That is fine for me. Very happy to participate and make time for these meetings.</p> <p>Paul Beaton (CEC) <i>(via MS Teams Chat)</i>. Agreed. Really great to see the co-designed approach.</p>	
8.	<p>Regulatory Policy and Government Relations Update Neil Howes, Senior Manager Policy</p> <p>Emma Ashton, Senior Manager Government</p>	No comments or questions	
9.	<p>Summary and next steps Nicole Ryan, GM Community Stakeholder and Government</p>	No comments or questions.	

2. Action items

Action	Responsible	Due date/ status
<i>PEC</i> : Provide an understanding of the budget to date on the PEC estimate?	Colin Mayer	By next TAC 14 February 2024
<i>PTT - regional telecommunications</i> : Provide more information about Federal Parliament recommendations that future telco lines follow the same routes as transmission.	Michael Johnson	By next TAC 14 February 2024
<i>Non-network solutions (batteries with grid forming invertors)</i> : Provide further details on any challenges with getting through a RIT-T given there is only one installed in Australia. Do you see promise for these, or are there hurdles to overcome to bring these on?	Jesse Steinfeld	By next TAC 14 February 2024
<i>Non-network solutions (barriers and challenges)</i> : Include potential case studies or work examples in future meetings, so we can quantify what those barriers mean and get a better understanding of how the AER is going to assess prudence and efficiency etc.	Robbie Aherne	By next System Strength Sub Committee meeting

<p><i>TAC engagement update:</i> TAC members and Transgrid to share their expectations of the TAC, to ensure alignment and understand the impact TAC members hope to have, and the impact Transgrid is seeking.</p>	Cassie Farrell	By next TAC 14 February 2024
<p><i>Major projects:</i> Explore a working group similar to what Transgrid did with <i>Powering Sydney's Future</i> to track the budget during projects and get any early warning signs on ex post cost increase risk.</p>	Cassie Farrell	By next TAC 14 February 2024

3. Next meeting

The next meeting will occur on **Wednesday 14 February 2024** at The Grace Hotel in Sydney.

4. Contact details

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

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