



TransGrid

TransGrid Advisory Council Meeting Report

17 June 2021

1. Overview

The TransGrid Advisory Council (TAC) met on Thursday 17 June for the second meeting of 2021. This was the first meeting of the expanded TAC membership and constituted the start of TransGrid's stakeholder engagement primarily focused on development of its 2023-28 regulatory proposal.

The meeting was held at TransGrid's Sydney office in Thomas St, Haymarket, and via the digital platform WebEx to enable members in other jurisdictions to participate. The meeting was chaired by TransGrid's CEO Paul Italiano, supported by Executive Manager Brian Salter and Industry and Stakeholder Engagement Advisor Robert Ephraums.

The meeting discussion was focused on the context in which TransGrid is preparing its regulatory proposal. TransGrid presented a summary of its Network Vision - a strategic analysis of possible energy futures in which TransGrid's network will support Australia's future energy market and the NEM. TransGrid's preparation for its regulatory proposal including the engagement timetable was also discussed.

2. Members

The TAC is chaired by TransGrid and includes members from a broad range of customer and energy consumer groups. The membership has been expanded to ensure a broad spectrum of perspectives is involved in the development of TransGrid's regulatory proposal due for submission to the AER in January 2022.

The TAC has been expanded from 11 members to 16 members:

1. **Australian Industry Group**, Tennant Reed, Head of Climate, Energy and Environment Policy
2. **City of Sydney**, Kim Woodbury, Chief Operating Officer
3. **Energy Consumers Australia**, Lynne Gallagher, Chief Executive Officer
4. **Energy Users Association of Australia**, Andrew Richards, Chief Executive Officer
5. **Goldwind**, Sam Fyfield, General Manager – Grid & SCADA
6. **NSW Ethnic Communities Council**, Iain Maitland, Energy Advocate
7. **Public Interest Advocacy Centre**, Craig Memery, Policy Team Leader, Energy + Water
8. **Snowy Hydro**, Panos Priftakis, Regulation Manager
9. **St Vincent de Paul**, Gavin Dufty, Manager Policy and Research
10. **Tesla**, Maria Cahir, Sales and Business Development
11. **Tomago Aluminium**, Gordon Wilson, Head of Procurement

New TAC members:

12. **Clean Energy Council**, Kane Thornton, Chief Executive Officer
13. **Australian National University**, Andrew Blakers, Director of ANU Centre for Sustainable Energy Systems
14. **ERM Advisory**, Michael Ottaviano, Partner
15. **Commonwealth Bank**, Scott Young, Executive Director
16. **AEMO**, Alex Wonhas, Chief System Design and Engineering Officer

3. Meeting summary and outline

Date	17 June, 2021
Venue	TransGrid Offices, Haymarket and via WebEx
Time	9.30am – 12.30pm
Chairperson	Paul Italiano, CEO

TransGrid attendees:	<p>Paul Italiano, Chief Executive Officer Mike Cleary, Advisor to TransGrid Jesse Steinfeld, Future Grid Manager Stephanie McDougall, Head of Regulation Brian Salter, Executive Manager Legal, Governance and Risk Graeme Wedderburn, Head of Corporate Affairs Robert Ephraums, Industry & Stakeholder Engagement Advisor Cameron Hamilton, Government and Stakeholder Engagement Manager Catherine O'Neill, Stakeholder Engagement Lead</p>
TransGrid board members (observers)	<p>Jerry Maycock, TransGrid Chair Sally McMahon, TransGrid board member Charles-Edouard Mariolle, TransGrid board member</p>
TransGrid Advisory Council attendees	<p>Andrew Richards, Chief Executive Officer, Energy Users Association of Australia Craig Memery, Team Leader, Energy + Water Consumers' Advocacy Program, PIAC Kim Woodbury, COO, City of Sydney Gavin Duffy, Manager Policy and Research, St Vincent de Paul Tennant Reed, Principle National Policy Advisor, Australian Industry Group Maria Cahir, Sales and Business Development, Tesla Iain Maitland, NSW Ethnic Communities Council Panos Priftakis, Regulation Manager, Snowy Hydro Sam Fyfield, General Manager – Grid & SCADA, Goldwind Gordon Wilson, Procurement Manager, Tomago Kane Thornton, Chief Executive Officer, Clean Energy Council Andrew Blakers, ANU Centre for Sustainable Energy Systems, Australian National University Michael Ottaviano, Partner, ERM Advisory Scott Young, Executive Director, Commonwealth Bank of Australia Alex Wonhas, Chief System Design and Engineering Officer, AEMO</p>
Apologies:	<p>Lynne Gallagher, Chief Executive Officer, Energy Consumers Australia Stacey Sleeman, Chief Financial Officer, Tomago Aluminium</p>

4. Meeting notes

4.1 Welcome and Introductions

TransGrid's CEO welcomed members of the TAC, particularly members attending the TAC for the first time.

The CEO noted that TransGrid is conscious of consultation fatigue, particularly in light of intensive engagement on major projects as part of TransGrid's recent BAU activities. The engagement process for the regulatory reset has therefore been designed to leverage the TAC and BAU engagement and will be augmented only when required.

The CEO welcomed the contribution of members and the presence of members of TransGrid's board.

The CEO reiterated the invitation for TAC members to put forward additional issues for discussion during the meeting.

Topics of interest raised included the difficulties advocates face when asked to participate in numerous concurrent reset consultations, and questions recent storm damage in Victoria raise regarding the cost of high impact low probability events and the value of reliability.

4.2 Global Energy Trends and TransGrid's Network Vision

Mike Cleary, Advisor to TransGrid led a discussion on global energy trends. Key points were:

- Electricity remains an essential service for which there is low tolerance for outages.
- Trends for increased demand for electricity driven by electrification of transport, as well as electrification across residential areas and industry.
- Transition to high levels of renewable generation is technically feasible but has to be managed in an orderly way.
- Ability to attract capital is an emerging issue, particularly in Germany, because capital has a choice.
- ESG considerations paying and increasing role in investment decisions

TransGrid's Future Grid Manager summarised work to date on TransGrid's Network Vision project - a project designed to explore possible energy futures and examine how TransGrid's role changes within these scenarios. The Network Vision project has been supported by the CSIRO and ClimateWorks.

Discussion:

There was widespread acclaim amongst TAC members for TransGrid's Network Vision. TAC members acknowledged the difficulty in planning a 'no regrets' investment strategy in the context of significant diversity between scenarios.

There was general discussion of the Network Vision and its implications covering issues of:

- future reliability,
- cost recovery,
- the role of governments both in Australia and overseas,
- the timing of the energy transition,
- regulatory uncertainty and
- the response of capital markets.

Actions:

1. TransGrid to respond to TAC members interest in how Network Vision scenarios relate to AEMO's ISP.
2. TransGrid advised to consider a further scenario that incorporates a HVDC connection to northern Australia and potential link between NEM and WA energy market into the Network Vision analysis.

4.3 Regulatory Reset

TransGrid's Head of Regulation, provided an update to the TAC of TransGrid's regulatory proposal development and timetable.

Discussion:

- > TAC members acknowledged the timeframe for consultation and the likelihood that consultation would need to continue into 2022 following submission of TransGrid's initial proposal. TAC members confirmed certain stakeholders would be stretched, particularly as NSW DNSPs ramps up their stakeholder engagement for resets due in 2024.
- > One TAC member reinforced their interest in a round table discussion on regulation (see above) while others thanked TransGrid for the open and frank conversations that are delivered through the TAC forum.
- > Capacity building and resources for advocates was raised in order to support two-way education of both business and advocates in regulatory / customer matters.

Actions:

3. TransGrid to work with advocates to deliver resources to strengthen advocates' capabilities.

4.4 Meeting close