

# TAC meeting minutes

21/08/20

---

The TransGrid Advisory Council (TAC) met on Friday 21 August for the third meeting of the year. The meeting was held over the digital platform WebEx due to the impacts of COVID-19 and the need to maintain social distancing.

TransGrid's CEO Paul Italiano chaired the meeting and provided members an update on TransGrid's network performance and operation, the impacts of COVID-19 to demand and usage within NSW and provided a broader update on TransGrid's business.

Members discussed the recently released 2020 AEMO Integrated System Plan (ISP) and TransGrid presented on the challenges to investing in the major projects under the current regulatory regime. The current regulatory framework and the risks that it places on both networks and consumers when investing in major transmission projects was also discussed.

TransGrid provided an update on the current major project portfolio, in particularly Project EnergyConnect (PEC) and engagement with landowners for HumeLink, answering questions from members.

Key points from the advisory council meeting include:

- TransGrid's provided members with an update on energy usage on TransGrid's network, noting that consumption was rebounding from its COVID-19 lows. It was noted that current wholesale market prices have returned to pre-2016 levels and increasingly gas and coal were playing less of a role in the generation mix within NSW.
- The recently released 2020 ISP was discussed with recognition that the new actionable ISP rules still provide some confusion. TransGrid reinforced that each project will need to be worked through and assessed on its individual merits.
- TransGrid presented capex forecast for the next 15 years, noting the difference between ISP related capex and BAU capex and highlighting the difficulty that it presents for a business. TransGrid discussed the impact the current regulatory framework has on investment decision for large green-field transmission projects, such as those in the ISP, noting that projects are cash-flow negative for two decades. TransGrid emphasises that it had been engaged in positive conversations had with the AER examining how this issue could be resolved.
- The implications of these cash flow issues for the major projects was discussed, noting that both consumers and TransGrid wear risk with these projects.
- An updated was provided on TransGrid's current major project portfolio. TAC members were interested in better understanding the EnergyConnect project and its associated benefits and cost. TransGrid discussed the current focus of the business on improving engagement on major projects, noting the new processes established for the PEC procurement process, and for improving landowner engagement for the HumeLink project.