

Transgrid Advisory Council (TAC) Meeting summary and actions

9 July 2024

Meeting title:	TAC Meeting #3 for 2024		
Location:	Via Microsoft Teams and MR SO180 L01.01		
Chairperson:	Maryanne Graham, EGM Corporate and Stakeholder Affairs		
Date of meeting:	Tuesday 9 July 2024	Time:	9am – 12noon
Attendees:			
TAC members	<p> Adrian Dwyer, CEO Infrastructure Partnerships Australia Andrew Richards, CEO, Energy Users Association Australia (EUAA) - <i>online</i> Brian Williams, Workstream Lead, Snowy Hydro - <i>online</i> Christiaan Zuur, Director Market Grid and Investment, Clean Energy Council - <i>online</i> Gavin Dufty, Executive Manager Policy and Research Unit, St Vincent de Paul Iain Maitland, Energy Advocate, Ethnic Communities' Council of NSW (ECCNSW) - <i>online</i> Kim Woodbury, Chief Operating Officer, City of Sydney Leigh Clemow, Policy Manager, Energy Users Association Australia (EUAA) - <i>online</i> Louise Benjamin, Regulatory Consultant and Lecturer Michael Lynch, Senior Policy Officer, PIAC – <i>online</i> Rod Stowe, Independent TAC member Scott Young, Executive Director, Commonwealth Bank of Australia, (CBA) – <i>online</i> Tennant Reed, Director Climate and Energy, Australian Industry Group (AIG) Wendy Black, Head of Policy, Business Council of Australia (BCA) </p> <p> Australian Energy Regulator (Observers) Sean Mullins, Director REZ Expenditure Riya Goyal, Assistant Director, NSW REZs (Network Regulation) </p>		
Transgrid representatives	<p> Belinda Ackermann, Stakeholder Relations Advisor - <i>online</i> Brett Redman, CEO Cassie Farrell, Senior Manager Stakeholder and Corporate Engagement Charles-Edouard Mariolle, Board Director Christian Abran, Network Regulatory Manager - <i>online</i> Christopher Curtain, Board Director Cristina Cifuentes, Board Director Gordon Taylor, EGM Major Projects Jennifer Hughes, EGM Delivery Jesse Steinfeld, Energy Transition Manager Jean-Etienne Leroux, Board Director Michael Johnson, A/GM Community, Stakeholder and Government Monika Moutos, GM Regulation and Policy Nicole Ryan, A/GM Corporate Communications Stuart Barber, Manager Future Control Centre Zainab Dirani, Policy Manager - <i>online</i> </p> <p> Transgrid Guests (Observers) </p>		

	Rudy Sheriff , Spark Infrastructure Andrew Dyer
TAC member apologies	Brian Spak , Director Energy System Transition, Energy Consumers Australia (ECA) Liz Ritchie , CEO, Regional Australia Institute

1. Meeting summary

1.1. Summary of meeting

The meeting opened with an introduction of former Australian Energy Infrastructure Commissioner, Andrew Dyer who joined the meeting as an observer, and a welcome to new TAC member Wendy Black, Executive Director of Policy for Business Council of Australia, and new independent TAC member Rod Stowe.

1.1.2 CEO Update and Q&A

The CEO noted the recent appointment of Grant King as a Non-Executive Director and Chair elect, following the pending retirement of longstanding Chair Jerry Maycock. It was also noted that the recent release of the 2024 Integrated System Plan (ISP) by the Australian Energy Market Operator (AEMO), reaffirms our major projects and the need for urgent action critical to the clean energy transition.

An update on the progress of Transgrid's major projects, EnergyConnect, HumeLink and Victoria to NSW Interconnector West (VNI West) followed. New actionable ISP projects for Transgrid in Southern Ring South and Queensland – New South Wales Interconnector (QNI Connect), to continue to strengthen the National Electricity Market (NEM), were noted.

Key discussion points: *A TAC member asked if logistics for the many projects (such as ISP projects and renewable energy zones) transitioning from the planning to execution stage, was being coordinated. Transgrid clarified that the NSW Government are focussed on this and provided the example of funding in the last state budget for related infrastructure improvements. It was explained that Transgrid is required to complete plans such as construction management plans for projects which consider aspects such as road infrastructure impacts, and how we work closely with local councils and state government on these.*

A TAC member asked if there was potential for any Transgrid's major projects to be halted if the government of the time changed policies around transmission requirements. Transgrid highlighted the urgent need for our projects to ensure the framework for the renewables and storage required by 2030.

A TAC member asked how Transgrid is ensuring the workforce they need. Transgrid explained that there are many specialist roles required in building transmission and that programs are already in place to help build our workforce such as the Legacy 100 program and our scholarship partnership with Charles Sturt University, which will bring lasting benefits for our communities. A TAC member asked how operations could be impacted if an enterprise agreement is not reached in July. Transgrid explained that they remain focused on safe and reliable supply.

1.1.3 Actions from last meeting

Five action items were highlighted. It was explained that three were complete and the remaining two will be topics of future deep dives under the *Innovation and Policy* TAC framework pillar.

Key discussion point: A TAC member asked how action items are managed. It was explained that there is a tracking system in place and TAC members are updated on the status of action items.

1.1.4 Policy and Innovation Focus Area update

The team recapped the System Security Roadmap pillars of *Energy Reliability*, *System Security* and *Operability*, which support Australia's clean energy transition. TAC members involved in the development of a one-page fact sheet for TAC members on the System Security Roadmap were thanked for their input.

Updates relating to each of the System Security Roadmap pillars were provided:

Energy Reliability - The team discussed the release of AEMO's final Integrated System Plan (ISP) and the actionable framework for NSW network projects to support the Government's emissions targets as coal-fired power stations retire.

System Security - The team explained that a diverse portfolio of solutions is urgently required to add new sources of system strength to the power system and referenced the release of the System Strength Project Assessment Draft Report (PADR). The PADR identifies a portfolio of solutions designed to maintain system security by creating a strong signal to help the energy system ride out interruptions and avoid instability.

***Key discussion point:** A TAC member reiterated the importance of having conversations with TAC members around prudence and efficiency in decisions, for the benefit of consumers. A TAC member also asked about the status of the global market for synchronous condensers. It was explained that there is a growing need across the world for synchronous condensers and with only small number of suppliers, it is a very tight market. A TAC member commented that there needs to be a broader public conversation on how the system is going to evolve and change, and suggested considering if it is viable for synchronous condensers to be manufactured in Australia. It was explained that Transgrid does everything we can to buy locally, but it would be challenging to actively compete in the global market for synchronous condensers. A TAC member added, in terms of large manufacturing, that Australia is competitive when we have the raw materials and higher value in a niche market.*

A TAC member commented that System Strength, which was always needed in the National Energy Market (NEM), was never 'free' as it has been described, but part of a bundled service sold on the wholesale market as a package. They highlighted that now it has been unbundled, the expectation is that there would be a drop in the wholesale electricity price, however this is unlikely.

Clarification was sought on how much of the synchronous condensers required is being driven by AEMO's minimum fault level requirements, and how much is being driven by delivering the hosting requirements, and if Transgrid is working with AEMO on the volumes of synchronous condensers needed to provide that aggregate service. Transgrid responded that the way the portfolios have been developed and designed, is to be co-optimised between minimum and system strength requirements.

It was noted by a TAC member that Transgrid are in the lead in terms of thinking about System Strength and the next steps. Another TAC member noted good engagement by Transgrid in the System Strength deep dives. A TAC member suggested that it would be worthwhile to share graphs previously provided to the TAC on the minimum and additional fault levels.

A TAC member asked if Transgrid has a view on where generation needs to go, geographically. Transgrid responded by explaining that the ISP drives Transgrid's, and other System Strength service providers', obligations for System Strength. The ISP from AEMO's perspective is the optimal location of generation and Transgrid's role is to proactively invest in System Strength in those locations.

It was asked by a TAC member if Transgrid believes there is a gap in the regulatory framework, where there could be a mechanism to more effectively feed upwards information where Transmission Network Service Providers (TNSPs) have identified areas for potential new System Strength modes, or areas where

there is great interest from new connecting generators that may present good areas for network augmentation. Transgrid responded that there is a collaboration occurring between TNSPs and AEMO, but there is a challenge with the System Strength framework as it is not designed to be a proactive investment mechanism.

System Operability

The team recapped the System Operability meeting held on 29 April under the Policy and Innovation TAC framework pillar, which included some early engagement with the TAC on the System Operability Contingent Project Application (CPA).

The Electric Power Research Institute (EPRI), engaged by Transgrid to provide independent assurance on the capabilities necessary to plan, manage and operate a more complex power system, presented at the 29 April meeting. The team explained that globally, TNSPs are investing in tools and technologies to support operability and aspects such as alarm management and training.

1.1.5 Customer and project focus: Major projects portfolio update

Transgrid reiterated that the EnergyConnect, HumeLink and VNI West projects form an energy superhighway that runs from South Australia through to Bannaby and the outskirts of Sydney, connecting South Australia, Victoria and New South Wales. An update on each of these projects was provided.

The team explained that EnergyConnect is about 47% complete and Buronga substation is approximately 90% complete. They highlighted that the Legacy 100 program has provided opportunities for young people to learn electrical work in remote areas.

The HumeLink update referenced that the AER determination of HumeLink CPA 2 was imminent and that a further feedback loop had been completed with AEMO to ensure alignment with the 2024 ISP. It was noted that the team have worked to reduce Environment Impact Statement (EIS) approval delay times, which have been reduced from around 9 months to 16 weeks.

A TAC member asked if the EIS is lodged progressively, or in full. Transgrid explained that it is progressive and noted the recent lodgement of the Biodiversity Development Assessment Report (BADR), which is the final submission.

The team referenced that the VNI West CPA 1 determination was achieved on 6 May, approving a total capital allowance of \$948.8 million. They highlighted significant savings achieved through the Wagga to Dinawan upgrades.

A TAC member referenced a HumeLink north/south division in the 2024 ISP. They asked if progress in the south was more challenging than in the north. It was explained that the terrain there was more challenging, however this has always been considered in the project planning process. The team highlighted that the split between north and south was a result of positive outcomes of community engagement around the route alignment.

1.1.6 AER presentation on TAC and the Central West Orana Renewable Energy Zone (CWOREZ)

Sean Mullins, Director REZ Expenditure at the AER, presented on how the TAC can add value to the CWOREZ enabling project. Sean explained the AER's role and functions under the NSW Electricity Infrastructure Investment Act (EII Act) framework and non-contestable revenue determinations for project-based determinations.

Sean provided background on the CWOREZ project and Transgrid's role in delivering the non-contestable component, referred to as the enabling works. Sean explained that while the TAC cannot influence the prudence of the project, it can question the reasonableness and efficiency, and add value to components

such as incentive scheme application and design, adjustment mechanisms, contracting approach and financeability and depreciation approaches.

It was noted that the AER would like to see the influence of the TAC through Transgrid’s Revenue Proposal. This includes identifying TAC support or opposition of elements in the revenue proposal and how this support or opposition is addressed or justified. The AER also encourages participation in the AER’s stakeholder engagement process including through submission papers.

Relating to the regulatory framework, Sean was asked how the AER is supporting TNSPs to deliver the mega projects needed. It was suggested that a TAC session on the regulatory framework and financeability be arranged to gain a deeper understanding on this.

A TAC member asked if the AER would publish guidance around engagement and the risks and common systemic issues, given there will be more of these non-contestable projects. The AER explained they will provide more guidance and are in the process of drafting this. They also explained that they will soon consult on their draft guideline on financeability. It was suggested that this also forms part of the discussion at the TAC session, to discuss financeability.

1.1.7 Regulatory Projects focus: Regulatory Projects update

This agenda item provided an update on two meetings held under the Regulatory Projects TAC pillar. It was noted that the meeting of 21 May discussed key outcomes of the VNI West CPA 1 determination, and the meeting on 20 June focussed on the project background and TAC engagement for the CWOREZ enabling works. The team discussed the status of the action items relating to both meetings.

A TAC member asked, in relation to discussions on incentive schemes, can there be a focus on the interaction between incentive schemes and contingencies. They suggested that the AER are involved in these discussions.

The meeting concluded with a reminder to TAC members of the upcoming TAC visit to Wagga to be held from 27 – 28 August.

2. Action items

Action	Responsible	Due date/ status
Arrange a TAC session with the AER on the regulatory framework and financeability, to include discussion around AER guidance and the draft AER financeability guidelines.	Cassie Farrell	By next TAC meeting
System Strength: share slides/graphs previously provided to the TAC on the minimum and additional fault levels.	Cassie Farrell	By next TAC meeting
Include a focus on the interaction between incentive schemes and contingencies in the CWOREZ Revenue Proposal deep dives.	Cassie Farrell	Future CWOREX Deep Dive

3. Next meeting

The next meeting is a focus area meeting to occur on **Tuesday 30 July**. This meeting was later postponed.

4. Contact details

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

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