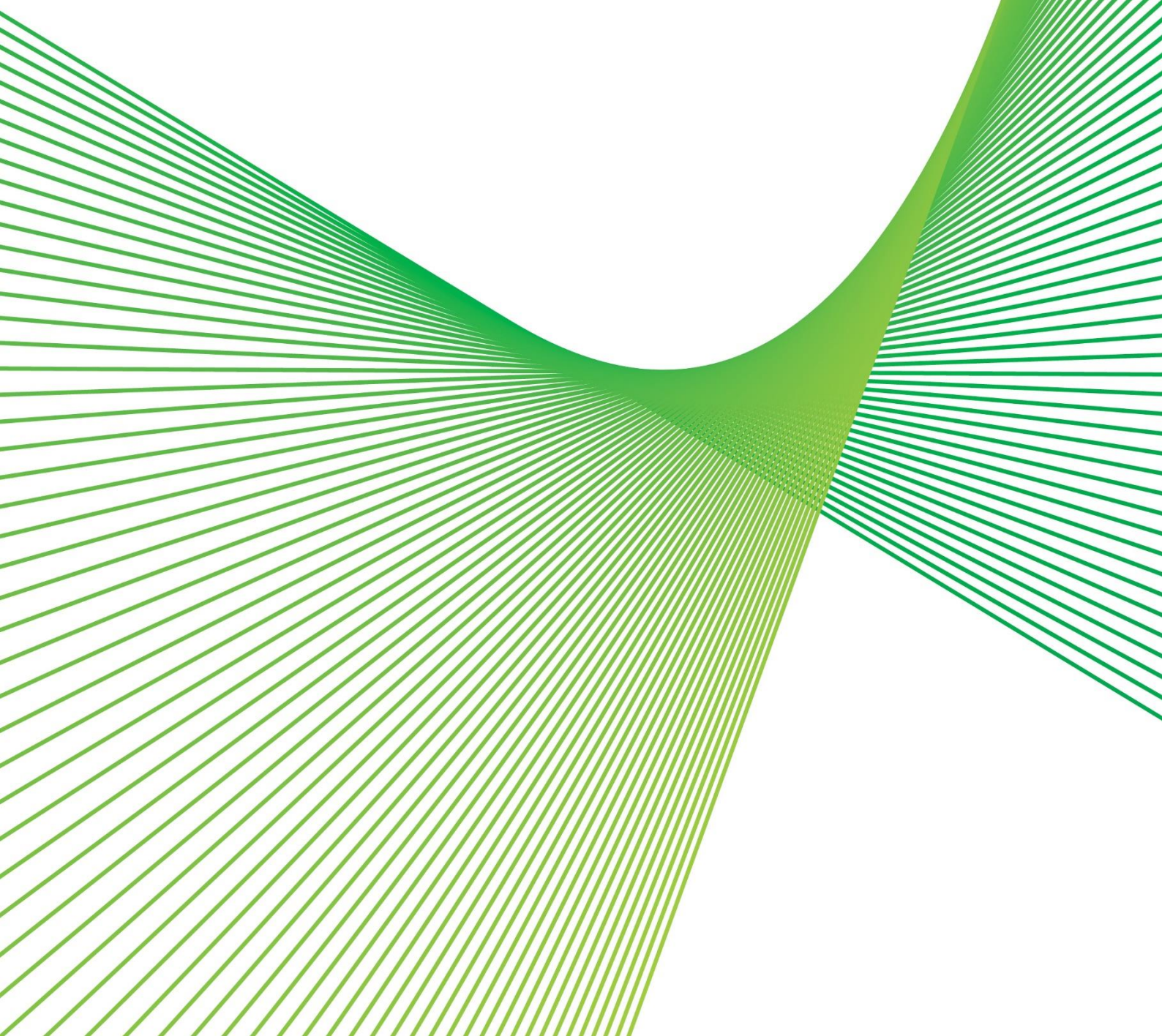


# **2023-28 Revenue Proposal - Phase 2 (post-lodgement) Stakeholder Engagement Plan**

25 July 2022



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## 1. Purpose

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This document sets out our Phase 2 (post-lodgement) stakeholder engagement plan for our 2023-28 Revenue Proposal.

Our plan covers:

- The role of our Transgrid Advisory Council (TAC)
- Our engagement objectives
- Our engagement principles
- Our response to feedback from the TAC and other stakeholders on our Phase 1 (pre-lodgement) engagement
- Independent facilitation and support for TAC members' participation
- What we will engage on (topics)
- Co-designed deep-dive workshops, and
- Next steps

Our plan has been developed having regard for feedback on our Phase 1 (pre-lodgement) engagement from:

- our TAC including at our 'co-design' meeting on 9 May 2022
- submissions on our 2023-28 Revenue Proposal, including from:
  - [Consumer Challenge Panel 25](#) (CCP)
  - [Energy Users Association of Australia](#) (EUAA)
  - [Public Interest Advocacy Centre](#) (PIAC), and
  - [NEOEN](#).
- our discussions with the Australian Energy Regulator (AER) and the CCP.

The plan also considers feedback provided in our first Deep Dive session on our engagement approach.

## 2. Phase 1 (pre-lodgement) engagement

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We consulted with the TAC and our customers in preparing our 2023-28 Revenue Proposal, which we submitted to the AER on 31 January 2022.

We refer to the engagement in the lead-up to the submission of our 2023-28 Revenue Proposal as Phase 1 (Pre-lodgement) engagement. Our Phase 1 engagement involved:

- monthly meetings with our TAC, some of which were targeted deep-dive workshops
- independent customer research led by Forethought, and
- the publication of our Preliminary Revenue Proposal, which set out our draft positions and proposals.

We engaged closely with the AER during our Phase 1 engagement, including through its attendance and participation at our monthly TAC meetings.

Feedback from some TAC members on our Phase 1 (pre-lodgement) engagement highlighted that there was opportunity to increase the quality and level of our engagement. In response to this feedback, we are committed to enhancing our Phase 2 (post-lodgement) engagement.

## 3. Phase 2 (post-lodgement) engagement plan

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### 3.1. The role of the TAC

Our TAC will continue to be the primary audience for our Phase 2 engagement.

In response to stakeholder feedback, we have reviewed the TAC's membership to ensure it fully represents the different views and priorities of our customers, being the 'end-users' of electricity who ultimately pay for our services.

Our TAC members for our post-lodgement engagement are:

- AEMO
- Australian Industry Group
- Aboriginal Affairs NSW
- City of Sydney Council
- Clean Energy Council
- Commonwealth Bank of Australia
- Energy Consumers Australia
- Energy Users Association of Australia
- ERM Advisory
- Ethnic Communities Council NSW
- Goldwind
- NSW Farmers
- Public Interest Advocacy Centre
- Snowy Hydro Ltd.
- St Vincent de Paul Society
- Tesla
- Tomago Aluminium Co.

### 3.2. Our engagement objectives

Our Phase 2 engagement objectives are to:

1. Understand and address customers' priorities and preferences,
2. Deliver customer centric operations, and
3. Be responsive and transparent.

Our engagement objectives ensure we align to the national electricity objective (NEO)<sup>1</sup>, which is:

'to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- (a) price, quality, safety, reliability and security of supply of electricity services, and
- (b) the reliability, safety and security of the national electricity system'.

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<sup>1</sup> National Electricity Law (NEL) – see section 7 - National electricity objective (NEO)

### 3.3. Our engagement principles

To ensure our post-lodgement engagement activities meet the expectations of our stakeholders, we have identified a number of engagement principles which will guide our interactions with you.

Our Phase 2 engagement principles are:

1. Inclusive – Develop partnerships with customers to ensure contribution and broad representation of views and stakeholders.
2. Genuine – Understand changing perspectives and gather meaningful insights as we work through the rounds of engagement for our Revenue Proposal. Being transparent about the decisions we make, and why.
3. Responsive – Embed regular check-in points. Being proactive, coordinated, and consistent in all communications, and show how and why we are making changes to the approach and process based on feedback.
4. Measurable – Using multiple methods to seek input and taking regular pulse checks.

### 3.4. Responding to feedback from the TAC and other stakeholders

To address stakeholders' feedback on our Phase 1 engagement activity and give effect to the engagement principles above we will:

- Revisit the membership of our TAC to ensure it represents the different views and preferences of our customers (see section 3.1)
- Co-design our phase 2 engagement workshops (see section 3.7). This will ensure we are able to include customers' priorities and preferences in the positions and proposals in our Revised Revenue Proposal.
- Focus our workshops on topics identified by the TAC. This is important given the demands on the TAC members time and resource (see section 3.6)
- Circulate slides and pre-reading material two days before each meeting. This will enable:
  - shorter presentations, and
  - more time for discussion.
- Hold meetings either face-to-face or virtually according to TAC members' preference
- Re-cap, at the start of each meeting, feedback received at the last meeting and explain how this is being addressed
- For each engagement topic, indicate where on the IAP2 spectrum our consultation is aimed at
- Adopt methods and approaches to measure stakeholder views (e.g. through voting tools)
- Provide TAC members with opportunities to share their views outside of sessions, where they choose to do so
- Report feedback by member type (i.e. customer advocate, industry, other). This will ensure that there is clarity around the source of feedback and that industry feedback is not represented as customer feedback

- Provide resources to TAC members, as required, to assist them to participate in our engagement (see section 3.5), and
- Seek to hold joint discussions with other TNSPs and DNSPs on common issues such as real material cost escalators and system security.

### **3.5. Independent facilitation and support for TAC members' participation**

We have engaged KPMG to assist and facilitate our Phase 2 engagement. KPMG will:

- advise us on the design of appropriate stakeholder engagement activities
- facilitate our co-design workshops, and
- document stakeholder views to ensure commentary is accurately and fairly reflected for our consideration.

As a professional services firm with expertise both in consumer and stakeholder engagement and the energy and utilities sector, KPMG will provide advice to in relation to:

- aligning post-lodgement engagement activities to the aspiration described in this plan, and
- demonstrating our principles of engagement as we undertake our Phase 2 activities.

KPMG will also be available to TAC members as a mechanism for capturing feedback.

We are considering whether additional direct consumer engagement is required during the post-lodgement period, and KPMG may support in the design and delivery of this engagement if it proceeds.

To assist TAC members, we would welcome continued feedback on the nature of resources or assistance that members require to support their participation in our Phase 2 engagement.

### **3.6. What we will engage on (i.e. topics)**

We will co-design workshop agendas based on the TAC's prioritisation of topics in the first Deep Dive session. Topics for consideration are:

- How we are responding to stakeholder feedback on our Phase 1 engagement
- Expenditure - focus on changes, from our Revenue Proposal, in our forecast capex and opex
  - Unit rates increase
  - System Security Roadmap
  - Major non-ISP projects undergoing a RIT-T (the assumptions and inputs in the RIT-T)
  - AEMO directives
  - Strategic benefit payments to landholders
  - Critical Infrastructure Security, and
  - Repex
- Other material changes to our building blocks
- AER information requests and its Draft Decision
- NSW regulatory framework and relationship with National Electricity Rules (NER)

- Revenue and price impacts arising from the AER 2022 Rate of Return Instrument (RoRI)
- Potential revenue and prices impacts arising from other expenditure (outside of the Revenue Proposal) that may occur in the 2023-28 period including:
  - Contingent Projects
  - NSW Roadmap projects (i.e. Renewable Energy Zones, Waratah battery)
  - Actionable ISP Projects such as Humelink Stage 1 (Early Works) and Stage 2 (Implementation), VNI West,
- Potential price path options (different smoothing profiles)

The following matters are outside the scope of our Phase 2 engagement:

- Aspects of capex and opex that remain unchanged from our Revenue Proposal
- 2022 Rate of Return Instrument (2022 RORI) – the 2022 RORI is being determined through a separate regulatory process that the TAC and other stakeholder can participate in:
  - We will apply the Draft 2022 RORI, which is expected to be published in June 2022, in our Revised Revenue Proposal, and
  - The AER will apply its final 2022 RORI, which will be published in December 2022, in its Final 2023-28 Revenue Determination.
- Transmission pricing – the current pricing arrangements are determined by the existing Rules’ framework, which we must apply in our Revenue Proposal, and
- Actionable ISP projects – these are subject to the ISP Rules and the automatic contingent project application process, which we are required under the NER to follow.

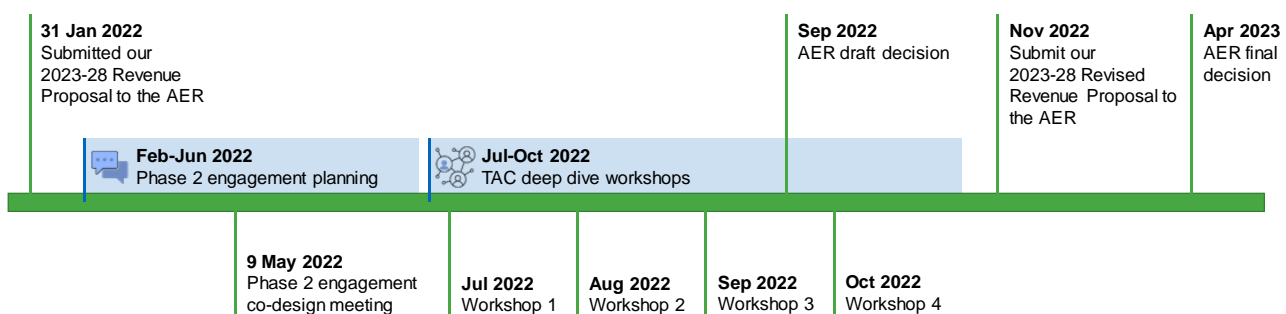
### 3.7. Co-designed deep dive workshops

This is a new engagement activity, which will allow the TAC to actively participate in the design of our positions and proposal in our Revised Revenue Proposal.

We intend to run multiple workshops on each topic, outlined in section 3.6. This will enable us to refine our positions and proposals based on the feedback we receive.

We intend to hold four co-designed deep dive workshops prior to the lodgement of our Revised Revenue Proposal. We anticipate these workshops will be 2-3 hour each. The indicative timeframe for workshops is shown in Figure 1.

Figure 1: Indicative timeframe for co-designed workshops



We will continue to meet with TAC members in our standard TAC meetings and in one-on-one meetings on a needs basis outside the formal workshops.

### **3.8. Next steps**

The key next steps are - we will:

- Publish our final Phase 2 engagement plan on our website for broader customer and stakeholder consultation, and
- Finalise the agendas for Deep Dives 2-4 based on TAC feedback and topic prioritisation.

### **3.9. Contact Us**

If you have any questions of feedback in relation to this plan, please:

- > Email us at: [revenue.reset@transgrid.com.au](mailto:revenue.reset@transgrid.com.au)
- > Call us (Stephanie McDougall, General Manager Regulation) on: [REDACTED]