

Stakeholder Engagement Report

**Transgrid 2023-28 Revenue Proposal
Phase 2 (Post-Lodgement) Engagement Activities**

**Deep Dive Workshop 5
26 September 2022**

8 November 2022

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Inherent Limitations Disclaimer

This report has been prepared as outlined with The Trustee For The NSW Electricity Networks Operations Trust (Transgrid) in the Scope Section of the engagement letter/contract 28 June 2022. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

The findings in this report are based on a qualitative study and the reported results reflect a perception of Transgrid but only to the extent of the sample surveyed, being Transgrid's approved representative sample of stakeholders. Any projection to the wider stakeholder group is subject to the level of bias in the method of sample selection.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, stakeholders consulted as part of the process.

No reliance should be placed by Transgrid on additional oral remarks provided during the presentation, unless these are confirmed in writing by KPMG. KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

Notice to Third Parties Disclaimer

This report is solely for the purpose set out in the Scope Section and for Transgrid's information, and is not to be used for any purpose not contemplated in the engagement letter/contract or to be distributed to any third party without KPMG's prior written consent.

This report has been prepared at the request of Transgrid in accordance with the terms of KPMG's engagement letter/contract dated 28 June 2022. Other than our responsibility to Transgrid neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.



Introduction

Background

Transgrid operates and manages the high voltage electricity transmission network in New South Wales (NSW) and the Australian Capital Territory (ACT), connecting generators, distributors and major end users. Every five years, the Australian Energy Regulator (AER) undertakes a Revenue Determination to assess the revenue that Transgrid can recover from its customers for the transmission services it provides. This process is also known as a Revenue Reset. Transgrid's next regulatory period will occur from 1 July 2023 to 30 June 2028. The Revenue Reset for this period involves a comprehensive assessment of Transgrid's plans and forecast expenditure, and consideration of customer preferences.

On 31 January 2022, Transgrid lodged its initial Revenue Proposal, which outlined the revenue that Transgrid proposes to recover from electricity consumers through transmission network prices across the 2023-28 regulatory period. Prior to lodging the initial Revenue Proposal, Transgrid undertook consultation and engagement activities with its customers and stakeholders. These formed 'Phase 1' of Transgrid's engagement approach.

Since Transgrid lodged its initial Revenue Proposal, there have been a number of changes which may impact its Revised Revenue Proposal. Transgrid will lodge its Revised Revenue Proposal with the AER on 2 December 2022.

Transgrid has commenced a second phase of engagement (Phase 2) with customers and stakeholders in order to inform its Revised Revenue Proposal. Phase 2 engagement includes, among other activities, a series of 'Deep Dive' workshops with the Transgrid Advisory Council (TAC). The role of the TAC is to provide advice on strategic policy topics and Transgrid's business plans.

The TAC consists of Customer Advocates, Direct Connect Customers, Market Bodies, Industry Advocates, a Financial Investor and Expert Advisors. The AER and its Consumer Challenge Panel (CCP) are also invited to attend TAC meetings as observers. Transgrid facilitates 'business as usual' TAC meetings on a quarterly basis, with the Phase 2 Deep Dive workshops being scheduled in addition to these standing meetings.

Stakeholder engagement approach

Transgrid's approach to its Phase 2 engagement is detailed in its 2023-28 Revenue Proposal – Phase 2 (post-lodgement) Stakeholder Engagement Plan. This plan outlines Transgrid's engagement objectives and principles, which seek to demonstrate Transgrid's commitment to responding to feedback received from stakeholders after Phase 1 engagement.

Transgrid has stated that it seeks to demonstrate stakeholder engagement at the 'involve' and 'collaborate' level of the IAP2 Spectrum of Public Participation. Where appropriate, some topics of engagement may be targeted at the 'inform' and 'consult' levels of engagement. Transgrid will work with stakeholders to define appropriate levels of engagement for the specific topics considered.

Transgrid will co-design agendas for all Deep Dive workshops with TAC stakeholders based on feedback from attendees about the topics of most interest and importance to stakeholders.

	Inform	Consult	Involve	Collaborate	Empower
Public participation goal	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
Promise to the public	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

Source: IAP2's Public Participation Spectrum



Introduction

Stakeholder engagement approach (cont.)

The Deep Dive workshops form part of a wider stakeholder engagement strategy which includes several different forums. Each forum has a different purpose:

- Quarterly TAC Meetings – act as a key stakeholder advisor to Transgrid, offering consumer and industry insights and advice on strategic policy topics and Transgrid’s business plans.
- TAC Reset Deep Dives – the purpose of these workshops is for the TAC to actively participate in the design of Transgrid’s positions and proposal in its Revised Revenue Proposal.
- System Security Roadmap Workshops – to define the network infrastructure needs and operational capabilities necessary to manage evolving risk, focused on technical aspects of the investment including needs and drivers.
- Energy Transition Working Group – discusses issues arising from the transition of the energy market, including discussion on ISP projects being delivered by Transgrid.

The agendas for the TAC Reset Deep Dive workshops have been defined based on stakeholder feedback of what topics would be most valuable to explore.

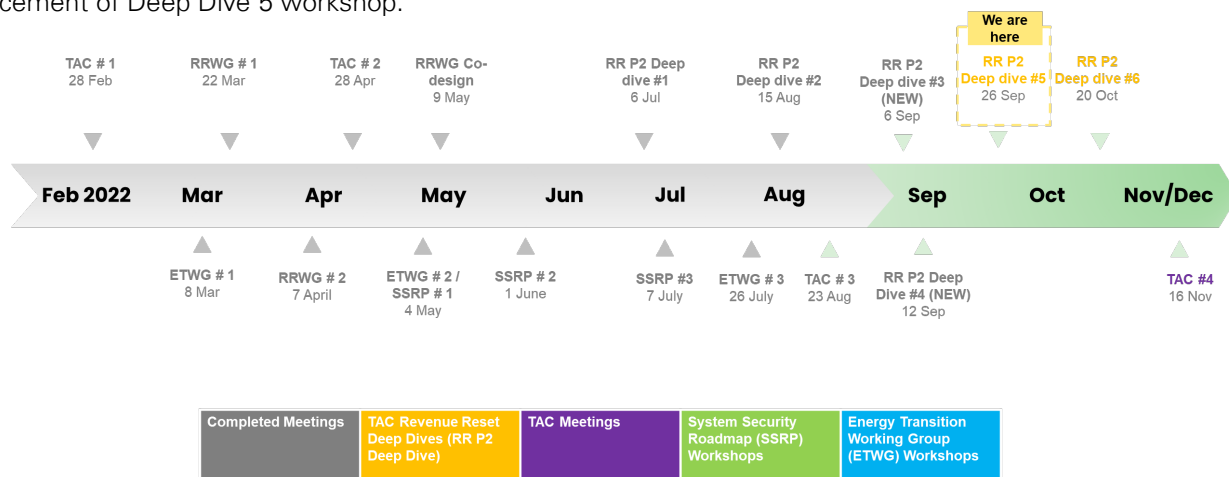
Co-designing topics and engagement approach

Transgrid sought feedback from stakeholders directly in the Deep Dive 1 workshop and for a period following the workshop, as part of the co-design of the forward agendas for further Deep Dive workshops. Stakeholders were asked to prioritise proposed topics for Deep Dive workshops through an online voting tool. Stakeholders were also asked to identify any additional topics to be addressed in the workshops that may not have been captured in the proposed list.

To ensure a wide representation of views, stakeholders who were unable to attend Deep Dive 1 workshop were given the opportunity to vote and provide input via email communication following the workshop over a period of six business days. In total, seven TAC members provided input and the outcome of the stakeholder prioritisation has been detailed in the Deep Dive 2 Stakeholder Engagement Report.

Stakeholders provided feedback in Deep Dive 2 workshop that additional time was needed to engage on some of the topics discussed in the workshop in further detail. Transgrid took this on notice and following the Deep Dive 2 workshop Transgrid proposed two additional workshops to the schedule, consulting the TAC to maximise availability, particularly for Customer Advocates. This was positively received by stakeholders and two additional Deep Dive workshops were scheduled (Deep Dive 3 and 4).

The below outlines the planned stakeholder engagement which was shared with stakeholders at the commencement of Deep Dive 5 workshop.



Source: Transgrid (presented to stakeholders in Deep Dive 5)

Introduction

Role of KPMG

KPMG was engaged by Transgrid to support its Phase 2 engagement. KPMG will:

- Support the design of appropriate stakeholder engagement activities
- Facilitate co-design workshops between Transgrid and its TAC
- Document stakeholder views to ensure commentary is accurately and fairly reflected for consideration

Transgrid remains responsible for workshop content including information specific to its Revenue Proposal.

Purpose of this report

This report summarises the key items of discussion from Deep Dive 5 workshop including the views expressed by and questions raised by stakeholders, and the response Transgrid gave to stakeholders during the workshop.

The purpose of the Deep Dive 5 workshop was to:

- To share feedback from Deep Dive 3 and 4, and outline how Transgrid is responding
- Share information with stakeholders on the Revenue Proposal topics and involve and collaborate with stakeholders on how the impacts from feedback and insights should be addressed in its Revised Revenue Proposal.

Deep Dive 5 workshop details

Date	26 September 2022
Time	2:00pm – 5:00pm (AEST)
Location	Webex (video conference) hosted by Transgrid

Prior to the Deep Dive 5 workshop, stakeholders were provided with the proposed agenda, workshop pack and briefing notes, which provided context on the content to be presented by Transgrid. This allowed stakeholders time to prepare and help to establish a baseline of knowledge on each topic.

Detailed information on the topics discussed within the workshop, including the material presented by Transgrid, can be found in the workshop materials. A full list of attendees has been provided in the Appendix.

Deep Dive 3 and 4 Feedback

During Deep Dive 5, Transgrid presented the feedback that it heard from stakeholders in Deep Dive 3 and 4, and outlined to stakeholders how it has considered and is responding to that feedback.

Deep Dive 3 feedback presented in Deep Dive 5

Stakeholder Feedback	Response by Transgrid
<p>End consumer engagement</p> <ul style="list-style-type: none"> There are mixed views on the end consumer survey, with some stakeholders outlining that while it's important to seek consumer views, the proposed approach has limitations. <p>RIT-T assumptions and inputs</p> <p>There was considerable discussion on the assumptions and inputs underlying Transgrid's RIT-T assessments, relating to:</p> <ul style="list-style-type: none"> Scenario weightings – ensuring consistency between probability and weightings Demand forecasts Conducting sensitivity analysis Load weighted VCR calculation Discount rate <ul style="list-style-type: none"> Stakeholders noted that they are unable to review all RIT-T projects in detail due to capacity constraints. They advised that if Transgrid requires them to express a view on their level of support on the project to improve stability in South-Western NSW, further information is required. 	<ul style="list-style-type: none"> Transgrid has engaged with stakeholders to understand concerns. In order to ensure the consumer voice is heard and to confirm the previously identified consumer focus areas, Transgrid has proceeded with conducting the end consumer survey. Specific feedback from TAC members in relation to survey questions has been incorporated. Transgrid will provide its RIT-T Term Sheet to the TAC Transgrid will provide independent validation reports from GHD in relation to demand for RIT-Ts: <ul style="list-style-type: none"> Maintain Reliable Supply to Bathurst Orange and Parkes Area, and Maintain Reliable Supply to North West Slopes Area Transgrid recognises the capacity pressure that stakeholders are under. Transgrid noted that as part of its Revenue Determination, the AER will undertake a detailed review of this project under the NER including the need, the proposed solution and the accompanying costs.

Deep Dive 4 feedback presented in Deep Dive 5

Stakeholder Feedback	Response by Transgrid
<p>Unit rates</p> <ul style="list-style-type: none"> Stakeholders sought to understand how costs would be reflected if unit rates decrease during the next regulatory period. Stakeholders noted that Transgrid should clearly outline the inflationary measures used to determine unit rates. One Customer Advocate noted that although the discussion on unit rates aligned with expectations of higher unit rates, the topic had not been discussed in enough detail to be able to determine their level of support. 	<ul style="list-style-type: none"> Transgrid has updated its unit rates from FY21 to FY22 as part of its annual MTWO update to reflect the latest market pricing and observed cost movements. Transgrid has updated its 2023-28 capex forecasts to incorporate these latest available unit rates in its 2023-28 capex forecast. Transgrid has maintained its approach to not apply real materials cost escalators. The CESS (Capital Expenditure Sharing Scheme) applies if the actual costs are less or more than the AER's allowance. Transgrid's standard annual MTWO approach to updating its unit rates uses a hierarchy of inputs, including inflationary measures. Transgrid has engaged an independent expert to review and independently validate its annual MTWO update process and will share this report with the TAC Transgrid notes this feedback.

Deep Dive 3 and 4 Feedback

Deep Dive 4 feedback presented in Deep Dive 5 (cont.)

Stakeholder Feedback	Response by Transgrid
<p>AEMO Directives</p> <ul style="list-style-type: none">Stakeholders agreed with Transgrid's response to AEMO's Directives to maintain network reliability and security, with many stakeholders noting 'it is what it is'.	<ul style="list-style-type: none">Transgrid will integrate this response into its Revised Revenue Proposal.
<p>Repex</p> <ul style="list-style-type: none">One Customer Advocate requested an additional session to discuss Phoenix Modelling and related assumptions around fire start.One Customer Advocate noted that they first need to understand the fire risk inputs better to determine the level of support for the approach.Another Customer Advocate noted that the approach sounds reasonable, subject to further discussion on fire risk.	<ul style="list-style-type: none">Transgrid will schedule a future session on Phoenix modelling, noting this is separate to the Repex trend discussion and will be scheduled following the completion of Reset Deep Dives.
<p>Engagement approach</p> <ul style="list-style-type: none">One Customer Advocate explained that they wanted to ensure unresolved issues were not discussed 'offline' and there was clear transparency across the TAC to close feedback loops.One Customer Advocate expressed feedback around the timing of the engagement to-date and sought Transgrid's views on how it will incorporate end-customer and stakeholder views into its Revised Revenue Proposal.	<ul style="list-style-type: none">Transgrid has committed to sharing feedback from each Deep Dive at the start of the following Deep Dive workshop, validating what it heard and outlining how it is responding.This includes how Transgrid is incorporating TAC feedback into its Revised Revenue Proposal.KPMG's reports will document all Deep Dive discussions between stakeholders and Transgrid.

Key discussion items

Key Outcomes

There were three deep dive topics planned for discussion as part of the Deep Dive 5 workshop:

1. System Security Roadmap: drivers and outcomes
2. Critical Infrastructure Security: Security Legislation Amendment Critical Infrastructure Protection Act
3. Strategic benefit payments to landholders: drivers and outcomes

The key outcomes from discussions on these topics were:

- **Stakeholders confirmed they were broadly supportive of Transgrid's investment to ensure system security. However, sought further transparency across a number of areas, including a clear narrative on the benefit to consumers.**
 - Stakeholders highlighted the importance of industry alignment with AEMO to ensure investments are efficient and effective, and customers are not paying for things twice. Stakeholders also requested a workshop with Transgrid and AEMO to further discuss aligning the approach to system security.
 - Stakeholders also sought to ensure that the analysis conducted by Transgrid (through the commissioning of the PowerRunner report) was in relation to challenges within Transgrid's control and only included the benefits associated with the system security investment that were within Transgrid's control.
 - Stakeholders sought clarification around the elements of system security that were being considered as part of the Revised Revenue Proposal. Transgrid explained only operational tools and organisational capabilities were considered. These will enable Transgrid to continue to meet its obligations to plan, manage and operate the power system in a secure state.
 - Stakeholders sought a clear narrative on the system security investment, including the context, need for the investment and the benefit to customers, to help customer advocates determine the value to customers.
- **Customer advocates were supportive of the requirements to uplift critical infrastructure security. However, sought further context around the topic,** including any examples and statistics on historical cyber security incidents. Stakeholders also sought to further understand the context for the investment, including the value to consumers through a clear narrative on how Transgrid is protecting consumers, given the changing environment.
- **Stakeholders expressed they were comfortable with the discussion to date on strategic benefit payments to landholders. However, stakeholder sought further information about the NSW Government scheme once announced and sought to ensure a transparent approach was adopted.**
 - Stakeholders noted they were supportive of an annuity payment to impacted landowners hosting transmission assets (though some noted that this should be paid by the Government). However, stakeholders requested for transparency and clarity on what consumers are paying for, and the assets associated with the payments, in order to avoid the perception consumers are paying twice.
 - One stakeholder expressed support for Transgrid's "true up" proposed approach to strategic benefit payment cost to ensure accurate costs are passed through to consumers.

Key discussion items

Outlined below are the key discussions from Deep Dive workshop 5, detailing the topics presented, the questions and inputs from stakeholders and the response from Transgrid.

Topic presented by Transgrid	Stakeholder input	How Transgrid responded
<p>Welcome and introductions</p> <ul style="list-style-type: none"> • KPMG and Transgrid welcomed all participants and attendees. • KPMG outlined the agenda for the workshop. 	<p>There were no comments shared by stakeholders in relation to this item.</p>	
<p>Recep engagement approach and purpose</p> <ul style="list-style-type: none"> • KPMG recapped the agreed engagement principles. • KPMG explained the purpose of Deep Dive workshop 5 for the post lodgement engagement which was to: <ul style="list-style-type: none"> • share feedback from Deep Dive 3 and 4, and outline how Transgrid is responding. • share information with stakeholders on the Revenue Proposal topics and involve and collaborate with stakeholders on how these impacts should be addressed in its Revised Revenue Proposal. • KPMG provided an overview of the planned agenda for Deep Dive 6. 	<p>There were no comments shared by stakeholders in relation to this item.</p>	

Key discussion items

Outlined below are the key discussions from Deep Dive workshop 5, detailing the topics presented, the questions and inputs from stakeholders and the response from Transgrid.

Topic presented by Transgrid	Stakeholder input	How Transgrid responded
<p>Feedback from Deep Dive 3 and Deep Dive 4 <u>End consumer survey</u></p> <ul style="list-style-type: none"> KPMG explained that stakeholders supported Transgrid further engagement with consumers, however some stakeholders noted some limitations with the proposed approach. Transgrid explained: <ul style="list-style-type: none"> It has engaged with stakeholders to understand concerns. In order to ensure the consumer voice is heard and to confirm the previously identified consumer focus areas, Transgrid has proceeded with conducting the end consumer survey. Specific feedback from TAC members in relation to survey questions has been incorporated. The survey will be used to inform outcomes and priorities rather than specific investments. 	<p>One Customer Advocate clarified with Transgrid that they are not opposed to Transgrid conducting end-customer research. However, Transgrid should not use the research results to justify investments, as it is not in-depth research and participants have not been provided with sufficient context to form a detailed understand of topics.</p> <p>The Customer Advocate noted that this aligns with Transgrid's explanation on how it will use the research.</p> <p>One Customer Advocate explained that the RIT-T process will continue to be a topic of concern and possible conflict, particularly following the recent Australian Energy Market Commission (AEMC) Stage 3 transmission planning and investment review. The Customer Advocate explained that this review is seeking to reduce the RIT-T process for ISP projects, with one option to remove the process entirely. The Customer Advocate expressed concern that, given the importance of social licence, if the RIT-Ts and the AER's independent assessment are removed, this will place further pressure on consumers to hold transmission companies accountable, which may result in a level of conflict. The Customer Advocate explained that it is important to maintain a strong approvals process to give consumers confidence in the outcome.</p> <p>The Customer Advocate used the VNI West project as an example project, they had concerns with.</p> <p>The Customer Advocate noted this and explained they wanted to outline the importance of empowering consumers through the process. The Customer Advocate advised that this requires adequate analysis, which consumers do not have the resources to undertake.</p>	<p>Transgrid confirmed it would not use the research to justify additional spending or test specific investments, but rather to test outcomes and priorities of end-consumers.</p> <p>Transgrid noted the Consumer Advocate's concerns related to the application of the RIT-T process to major ISPs, and explained that Transgrid has committed and will remain committed to having more deep dives subsequent to the completion of the Revised Revenue Proposal Deep Dives. In these workshops, Transgrid will explore:</p> <ul style="list-style-type: none"> The RIT-T process Key earnings from HumeLink The process undertaken for VNI West <p>Transgrid also noted it will discuss any changes that emerge through the AEMC's review. However, noted the review does not impact the RIT-Ts done for BAU projects, which are the ones being discussed in the context of the Revenue Proposal.</p>
<p><u>RIT-T assumptions and inputs</u></p> <ul style="list-style-type: none"> KPMG explained there has been considerable discussion on the assumptions and inputs underlying Transgrid's RIT-T assessments and Transgrid noted that based on these discussions: <ul style="list-style-type: none"> Transgrid has provided its RIT-T Term Sheet to the TAC Transgrid has provided the independent validation reports from GHD in relation to demand for its Bathurst, Orange and Parked RIT-T and its North West Slopes RIT-T. It was also noted stakeholders explained that they are unable to review all RIT-T projects in detail due to capacity constraints. 	<p>There were no comments shared by stakeholders in relation to this item.</p>	

Key discussion items

Outlined below are the key discussions from Deep Dive workshop 5, detailing the topics presented, the questions and inputs from stakeholders and the response from Transgrid.

Topic presented by Transgrid	Stakeholder input	How Transgrid responded
<p><u>Unit rates</u></p> <ul style="list-style-type: none"> KPMG explained that stakeholders: <ul style="list-style-type: none"> sought to understand how costs would be reflected if unit rates decrease during the next regulatory period. noted Transgrid should clearly outline the inflationary measures used to determine unit rates. one Customer Advocate had noted that although the discussion on unit rates aligned with expectations of higher unit rates, the topic had not been discussed in enough detail to be able to determine their level of support. In response to this feedback, Transgrid explained: <ul style="list-style-type: none"> It has updated its unit rates from FY21 to FY22 as part of its annual MTWO database update and this approach uses a hierarchy of inputs, including inflationary measures. It has updated its 2023-28 capex forecasts to incorporate these latest available unit rates in its 2023-28 capex forecast. Transgrid has maintained its approach to not apply real materials cost escalators. The CESS (Capital Expenditure Sharing Scheme) applies if the actual costs are less or more than the AER's allowance. Transgrid has engaged an independent expert to review and independently validate its annual MTWO update process and will share this report with the TAC. 	There were no comments shared by stakeholders in relation to this item.	
<p><u>AEMO directives</u></p> <ul style="list-style-type: none"> KPMG noted stakeholders agreed with Transgrid's response to AEMO's Directives to maintain network reliability and security, and Transgrid noted it would integrate this response into its Revised Revenue Proposal. 	There were no comments shared by stakeholders in relation to this item.	
<p><u>Repex</u></p> <ul style="list-style-type: none"> KPMG noted some members of the TAC sought to further discuss Phoenix Modelling and related assumptions around fire start. Transgrid noted it would schedule a future session on Phoenix modelling, noting this is separate to the Repex trend discussion and will be scheduled following the completion of Reset Deep Dives. 	There were no comments shared by stakeholders in relation to this item.	

Key discussion items

Outlined below are the key discussions from Deep Dive workshop 5, detailing the topics presented, the questions and inputs from stakeholders and the response from Transgrid.

Topic presented by Transgrid	Stakeholder input	How Transgrid responded
<p><u>Engagement approach:</u></p> <ul style="list-style-type: none">• KPMG noted there was feedback from one Customer Advocate ensuring that unresolved discussions are not taken offline and also a desire to see how consumer feedback will be integrated into Transgrid's Revised Revenue Proposal.• Transgrid noted it is committed to sharing feedback from each Deep Dive at the start of the following Deep Dive workshop.	<p>There were no comments shared by stakeholders in relation to this item.</p>	

Key discussion items

Outlined below are the key discussions from Deep Dive workshop 5, detailing the topics presented, the questions and inputs from stakeholders and the response from Transgrid.

Topic presented by Transgrid	Stakeholder input	How Transgrid responded
<p>System Security Roadmap</p> <ul style="list-style-type: none"> KPMG explained Transgrid is seeking to involve and collaborate with the TAC on the issue of system security, and the driver for this topic is the energy transition. <p><u>Feedback from prior engagement</u></p> <ul style="list-style-type: none"> KPMG noted Transgrid has conducted a number of TAC engagements on System Security Roadmap (SSR) to-date, including: <ul style="list-style-type: none"> SSRP # 1 on 4 May 2022, SSRP # 2 on 1 June 2022, SSRP #3 on 7 July, and As a topic in the Revenue Reset Deep Dive 2. Transgrid provided an overview of what was discussed in each of the System Security Roadmap workshops, noting many of the stakeholders on the call had been involved in those workshops and raised beneficial feedback to assist Transgrid. Transgrid explained the SSR project was in response to the transition to renewable energy. Noting the transition will significantly increase the complexity of managing the NSW power system and the SSR outlines what Transgrid needs to do within its network to keep it operating securely, efficiently and effectively. Transgrid presented the feedback received by stakeholders from each of the SSR workshops and also the Revenue Reset Deep Dive where system security was discussed. Key considerations outlined for SSR #1 included: <ul style="list-style-type: none"> Consumers care about the costs and benefits of Transgrid expenditure, and the need for a clear cost benefit analysis presented. There was a desire to understand the drivers of the risks and expenditure, which Transgrid has provided in the briefing notes circulated. Feedback that the risk of the closure of coal powered generators happening sooner was clear and understood. The need for ongoing industry engagement to make sure tools and delivered efficiently and with the best customer value proposition. Transgrid outlined key considerations from SSR #2 were: <ul style="list-style-type: none"> Appreciation of the need to uplift capabilities. However, stakeholders challenged who should pay for this and why it is in the best interest of consumers. Concerns that Transgrid should consider non-network solutions as part of its options. 	<p>One Customer Advocate noted Transgrid is working with AEMO and requested Transgrid to reflect the current process and feedback loop in the presentation. This includes demonstrating how Transgrid is working with AEMO to minimise overall costs for consumers, acknowledging that consumers do not want a duplication of services between Transgrid and AEMO.</p> <p>The Customer Advocate noted that this was excellent feedback. The Customer Advocate asked when Transgrid and AEMO would be ready to have a joint session for Customer Advocates, potentially facilitated by the ENA, to ensure consumers have a clear understanding that there is no duplication, and to provide a consolidated consumer view.</p> <p>One Customer Advocate noted it is important to have context on all options available to Transgrid within the System Security Roadmap, noting Transgrid is not just building for maximum demand and reliability. Potential levers include load shedding and demand management strategies.</p> <p>The Customer Advocate agreed, and noted it was important to show both sides for efficient investment.</p> <p>This was acknowledged by the Customer Advocate.</p>	<p>Transgrid noted the feedback to work with AEMO to ensure there are no duplication of services, was raised in the SSR workshop 1. Transgrid outlined that over the past few months:</p> <ul style="list-style-type: none"> AEMO has been working on its engineering framework and its operations technology roadmap. Transgrid has been working with AEMO in early co-design discussions on AEMO and Transgrid interface, and how they can work together to ensure systems are designed to facilitate: <ul style="list-style-type: none"> The right level of data sharing, and Interoperability for tools and processes to ensure they are able to support each other in delivering obligations under the NER. Transgrid has also provided TAC's feedback to AEMO, reflecting it is essential to ensure they are delivering tools in a cost-effective way, and sharing knowledge and modelling to ensure delivery is as efficient as possible. Transgrid is working with other industry associations through Energy Networks Australia (ENA) and also directly with AEMO to collaborate on delivering these tools and capabilities. <p>Transgrid reiterated collaboration and co-design is front of mind and will continue to have these discussions.</p> <p>Transgrid committed to planning a joint presentation with AEMO to consumer advocates.</p> <p>Transgrid noted curtailment of renewables could be used as a lever to manage system security issues. However, the application of this lever has an associated cost for consumers. This is because – in meeting the demand - cheap renewable electricity is substituted with more expensive electricity generated from fossil fuels. Transgrid noted it could use renewable electricity curtailment figures to estimate the cost of this lever to manage system security.</p> <p>Transgrid further noted in the last Deep Dive a point was made around the reliability standard applied to the NEM. Transgrid clarified the event types discussed in relation to SSR, are not covered by that reliability standard.</p>

Key discussion items

Outlined below are the key discussions from Deep Dive workshop 5, detailing the topics presented, the questions and inputs from stakeholders and the response from Transgrid.

Topic presented by Transgrid	Stakeholder input	How Transgrid responded
<p>System Security Roadmap (cont.) Feedback from prior engagement</p> <ul style="list-style-type: none"> Transgrid presented key feedback and considerations from SSR #3, including: <ul style="list-style-type: none"> That it heard stakeholders' feedback around not wanting any double counting of costs and benefits and reiterated the importance of industry wide collaboration. Desire from stakeholders to look at the details of the business case and provide a clear narrative for consumers. Transgrid explained its investment case was the core elements needed by Transgrid over the next regulatory period. Transgrid presented key feedback heard in the Revenue Reset Deep Dive 2, including: <ul style="list-style-type: none"> The TAC sought more justification and validation of the key assumptions included in the business case. The TAC noted sensitivity analysis should be presented on project viability with changes to key inputs. 	<p>One Customer Advocate thanked Transgrid for noting the feedback from Deep Dive 2, that the probability for a system black event was perceived to be too high. The Customer Advocate sought to clarify whether Transgrid had addressed the specific scenarios that would lead to a high impact, low probability event occurring.</p> <p>The Customer Advocate also sought to understand the impact of removing system black risk (noting this is largely excluded in VCR calculations) on system requirements and required expenditure, and whether it would be materially lower, or largely the same.</p> <p>Another Customer Advocate noted consumers are paying for System Restart Ancillary Services (SRAS) to prevent a system black event, and clarified if the additional insurance via the proposed investment meant that this would not be needed.</p> <p>One Customer Advocate sought to confirm that Transgrid's Revised Revenue Proposal will include the operational tools and organisational capability required to understand what is going on in the network and put in place reasonable measures to address it. However, it will not include more physical equipment, such as network infrastructure, which would fall under contingent projects.</p>	<p>Transgrid noted that this will be discussed within the workshop and that it would walk through the specific scenarios and sensitivities.</p> <p>Transgrid explained that it provides Transgrid with the capability to manage a complex power system by reducing, but not removing, these risks.</p> <p>Transgrid explained as the power system becomes more complex, there are several drivers that will add an increased risk. This means if Transgrid maintains its existing tools, those tools will quickly become overwhelmed as the complexity of the system increases, due to factors including:</p> <ul style="list-style-type: none"> the retirement of coal generators, rapid increase in renewables, increasing penetration of distributed resources, and the development of major transmission projects which involve the planning and delivery of complex outages, the introduction of the NSW Framework, and potentially several system operators in NSW, all needing to interface with each other in real time. <p>Transgrid noted all of these lead to increased complexity which existing tools and capabilities are not capable of scaling to fully address.</p> <p>Transgrid confirmed this was correct. Transgrid explained the business case for the Revised Revenue Proposal is only focused on operational technology tools and uplift in capability. Transgrid further explained the network infrastructure or network services required to keep the system secure will be included in a contingent project and undergo a RIT-T, which will require a full engagement process.</p>

Key discussion items

Outlined below are the key discussions from Deep Dive workshop 5, detailing the topics presented, the questions and inputs from stakeholders and the response from Transgrid.

Topic presented by Transgrid	Stakeholder input	How Transgrid responded
<p>System Security Roadmap (cont.) <u>Executive Summary</u></p> <ul style="list-style-type: none"> Transgrid explained the System Security Roadmap business case has positive net benefit with a 1.8% increase in system black likelihood (from 2% in FY22 to 3.8% in FY30) Transgrid explained system operators globally typically qualitatively assess the system risks due to the energy transition. Transgrid's proposal is consistent with measures implemented in other jurisdictions. Transgrid noted that it is proposing to include SSR in its Revised Revenue Proposal. 	<p>The Customer Advocate noted that it is important for Transgrid to make clear exactly what elements of the System Security Roadmap it is discussing as part of its Revenue Proposal</p> <p>The Customer Advocate sought to clarify whether the Roadmap includes cyber security.</p> <p>The Customer Advocate noted they were trying to clarify where each element sits in order to understand and compare the level of investment, they are seeing across NSPs, and determine if Transgrid's were consistent with others.</p> <p>One Customer Advocate sought to clarify the benefit of the investment to consumers, The Customer Advocate recapped the consumer will pay ~\$80m to enable the operator to have better ability to manage the system for a system black event. The Customer Advocate asked what the benefit is for consumers, and sought to understand other considerations such as durability, timing and how other measures such as SRAS services are considered.</p> <p>The Customer Advocate acknowledged this and noted context was very important, and that they were trying to extrapolate the value of the investment for consumers. The Customer Advocate noted the AER would be responsible for reviewing the investment. However, if Transgrid is seeking an opinion from consumer advocates around the value of the investment to consumers, they need further information to be able to explain it to their constituents.</p> <p>The Customer Advocate noted they understand Transgrid's explanation, and acknowledged the complexity. However, noted they want to see the full picture and context, considering things like timing, so they are able to understand the full value to consumers.</p>	<p>Transgrid confirmed the discussion was focused on the operational tools and organisational capabilities required, so that Transgrid can continue to meet its obligations in terms of being able to plan, manage and operate the power system in a secure state.</p> <p>Transgrid confirmed cyber security is separate, as it is driven by specific legislative changes and will be discussed in the later topic of Critical Infrastructure Security. Transgrid confirmed separating the investments by the specific drivers is consistent with how other NSPs in the industry are treating these investments.</p> <p>Transgrid also noted it had commissioned Deloitte as an independent advisor to conduct benchmarking in response to cyber security requirements.</p> <p>Transgrid explained its investment seeks to support network operators in a control room and there is an important safety component, which ensures protection equipment to operate as designed. Transgrid noted this is an important component when transitioning to renewables which Australia has not yet done and that Transgrid has seen been undertaken overseas.</p> <p>Transgrid explained a more complex network involves:</p> <ul style="list-style-type: none"> Increased protection requirements with more generators on the network, Need to integrate parts of the network, and Complexity in interconnection between states. <p>Transgrid noted ultimately the investment will reduce cost to consumers and ensure that the long-term benefits of renewables are achieved. However, it does add complexity to the day-to-day operation of a control room operator. Operators need to be able to see these complexities and have the analysis. Transgrid noted if it continues with no change, there would be increased headcount requirements and increase risk in operating the network.</p> <p>Transgrid explained that since 1965 human factors were common in every power outage in the US, and noted that the tools Transgrid is seeking to invest in help manage that complexity.</p>

Key discussion items

Outlined below are the key discussions from Deep Dive workshop 5, detailing the topics presented, the questions and inputs from stakeholders and the response from Transgrid.

Topic presented by Transgrid	Stakeholder input	How Transgrid responded
<p>System Security Roadmap (cont.) <u>Edge-case project viability</u></p> <ul style="list-style-type: none"> Transgrid presented that the proposed System Security Roadmap initiatives are viable, with assumptions around system risk and mitigation effectiveness, well below the base case assessments conducted by PowerRunner. Transgrid noted the increased risk level due to increased likelihood of system security incidents. <ul style="list-style-type: none"> The System Security Roadmap proposal demonstrates positive net benefit under scenario with incremental increase in system black incident risk from 2% in FY22 to 3.8% in FY30. This corresponds to a risk escalation factor of 90% between FY22 to FY30, compared to PowerRunner's base case assessment of 569%. Transgrid noted the risk mitigation of its initiative, including the effectiveness of tools and human resourcing to reduce risk <ul style="list-style-type: none"> The System Security Roadmap proposal demonstrates positive net benefit if the likelihood of a system black event in FY30 can be reduced by ~1% in absolute terms (e.g. from 13% to 12%, or from 5% to 4%). This corresponds to a risk mitigation factor of 9%, compared to PowerRunner's base case assessment of 60%. 	<p>One Customer Advocate asked if Transgrid could provide the PowerRunner report to stakeholders to enable visibility of what the modelling for a black start event has been based on. The Customer Advocate noted they wanted to ensure that the factors underpinning the increased likelihood, and therefore investment, are the factors that are within Transgrid's control rather than those that are beyond (for example, a fuel shortage, a major bushfire). The Customer Advocate noted if it is based on modelling of risks that are outside of Transgrid's control, then the quality of Transgrid's control room will not mitigate the risk.</p> <p>The Customer Advocate agreed. However, noted if there is not enough inertia in the system, then this is not something that can be rectified in the control room.</p> <p>The Customer Advocate noted the monetary value of the investment is low in comparison to what needs to be spent over the next 20 years, stating it was likely not a bad investment, but they wanted to ensure there was a clear value to consumers. The Customer Advocate also noted they want to ensure Transgrid is not using benefits that are external to the investment to justify the investment.</p> <p>The Customer Advocate acknowledged there is a need for tools to provide further visibility across the network. However, the Customer Advocate wanted to make sure it is only including the benefits associated with the business case and not including other benefits. The Customer Advocate reiterated that Transgrid needs to ensure the right benefits are associated with the problem.</p>	<p>Transgrid provided an example that it could be as simple as a tree contacting a line, and inadequate system strength, which results in an outage, or oscillations from generators that were not visible which would make the system fragile.</p> <p>Transgrid noted it is important to have momentum and inertia, and that the tools were not for an unusual event, but for an everyday event, to stop issues cascading.</p>
	<p>One Direct Connect Customer noted having a summary outlining the narrative and context around the investment, including that the issues being addressed are very important.</p> <p>The Direct Connect Customer further noted at a high level, they understand costs are going to increase because of the more complex environment, and if risks are going up, Transgrid does need to address the increased risk. However, the Direct Connect Customer explained Transgrid needs to outline its investment amount and plan, and what the costs are compared to current spend on system security.</p>	<p>Transgrid noted the Customer Advocate's feedback on this, and acknowledged it as being fair.</p>

Key discussion items

Outlined below are the key discussions from Deep Dive workshop 5, detailing the topics presented, the questions and inputs from stakeholders and the response from Transgrid.

Topic presented by Transgrid	Stakeholder input	How Transgrid responded
<p>System Security Roadmap (cont.) <u>Sensitivity analysis and expected Capex and Opex (\$M, Real 2021-22)</u></p> <ul style="list-style-type: none"> Transgrid explained based on stakeholder feedback it tested a range of sensitivities. Transgrid shared the net benefit sensitivities over a 10-year assessment period. Transgrid explained its System Security Roadmap initiatives demonstrate positive net benefits under almost all sensitivities tested – including with underlying risk escalation and mitigation assumptions well below those estimated by PowerRunner. Transgrid presented the expected Capex and Opex (\$M, Real 2021-22). 	<p>No stakeholders provided feedback on this.</p>	
<p><u>Engagement questions</u></p> <ul style="list-style-type: none"> KPMG facilitated discussion and sought stakeholders’ feedback on Transgrid’s approach to system security. 	<p>One Customer Advocate stated they supported the need to invest in a secure system. However, noted they were not sure if they were in a position, based on the information provided, to express support for the investment and what it will be spent on, as they noted they were not skilled in that area.</p> <p>The Customer Advocate noted they can see the benefit of the investment, and that they do support the need for it. However, more information and context would be helpful to articulate the value to consumers, both now and in the future. This included context around what has changed, and why the investment is needed. The Customer Advocate noted that whether or not it is an efficient investment, would be tested by others.</p> <p>One Customer Advocate explained they were supportive of this investment, despite previous comments seeking to ascertain what benefits and factors were considered.</p> <p>The Customer Advocate sought to clarify if the base cost of the investment is the same, regardless of whether it excludes the ‘one in 50-year event’. The Customer Advocate noted it appears that even if Transgrid were to remove some of the scenarios, the level of investment required in the control room remains the same.</p> <p>The Customer Advocate confirmed this addressed their question and although the cost is inelastic, Transgrid should still make sure it is efficient. However, the Customer Advocate noted that the investment was “reasonably well justified”.</p> <p>Stakeholders confirmed this would be useful.</p>	<p>This was noted by KPMG.</p> <p>Transgrid confirmed this was correct and that the base cost would remain the same regardless of the scenarios. Transgrid explained the way that the tools and capabilities are included, is not that each tool or capability will reduce a specific risk, for example, a system black event, but rather the overall investment will provide a suite of tools and capabilities that enables Transgrid to better plan and conduct asset management and have real-time information in the control room. Transgrid explained this is why there is a combined business case across capability and capacity uplift – as the people, tools and training all work together to provide a better overall system capability.</p> <p>Transgrid confirmed that it would be happy to provide a short document to clearly articulate the narrative and context around the need for system security and the benefit to consumers.</p>

Key discussion items

Outlined below are the key discussions from Deep Dive workshop 5, detailing the topics presented, the questions and inputs from stakeholders and the response from Transgrid.

Topic presented by Transgrid	Stakeholder input	How Transgrid responded
<p>Critical Infrastructure Security</p> <ul style="list-style-type: none"> KPMG explained Transgrid is seeking to involve and collaborate with stakeholders on its approach to Critical Infrastructure Security, the investment which is driven by an external compliance requirement. Transgrid noted new Critical Infrastructure Security obligations are being imposed through: <ul style="list-style-type: none"> NSW Energy Legislation Amendment Bill 2021 Federal Security Legislation Amendment (Critical Infrastructure) Act 2021 Federal Security Legislation Amendment (Critical Infrastructure Protection) Act 2022 Transgrid explained AEMO's Australian Energy Sector Cyber Security Framework (AESCSF) provides a standardised approach for energy market participants to assess their state of cyber security and capability. Transgrid explained it has been reporting its cyber security maturity in accordance with the AESCSF since 2018, with its first external maturity assessment undertaken in June 2022. Transgrid presented its Critical Infrastructure Security pillars, noting that Cyber Security and Physical and Natural Hazards were included in its initial Revenue Proposal and Personnel Security, Supply Chain Security and risk management program were new requirements. Transgrid explained that it is intending to update its Opex step change to capture these additional requirements. KPMG sought feedback from stakeholders on the benefits or challenges they see with Transgrid's approach to the Critical Infrastructure Security legislation. 	<p>One Customer Advocate noted that the numbers presented in the workshop of the indicative cost against each of the critical infrastructure security pillars did not add up to the total presented in the table.</p> <p>When asked the benefits or challenges of Transgrid's outlined approach to Critical Infrastructure Security legislation:</p> <ul style="list-style-type: none"> One Customer Advocate noted it is a legislated obligation for the investment. However, it would also be good to have a narrative around it, including the increasing number of service attacks received, and paint the picture on how Transgrid is protecting people and how the landscape is changing. Another Customer Advocate agreed with the stakeholder's comments and noted that consumers typically understand this topic, they encounter it either at home or at work. The Customer Advocate noted it was relatively straight forward, and Transgrid should be able to clearly articulate it. The Customer Advocate also noted the numbers appear to be in the 'ballpark' of what others are spending, but would leave it to the AER to test and ensure it is efficient. One Direct Connect Customer also agreed with the comments around providing a clear narrative, and noted every organisation is spending in this area, however a few examples would be beneficial. One Financial Investor noted there were no objections from their perspective, noting it is something where the business needs to be nimble in its approach to addressing the issue, as expenditure in this space is only increasing. However, the Financial Investor noted, given the critical nature of the grid for stakeholders and NSW in general, it is imperative this be addressed in the manner that has been proposed. 	<p>Transgrid noted the error was due to rounding totals and that it would revise the materials and re-issue to stakeholders. Transgrid re-issued an updated presentation shortly after the Deep Dive 5 workshop noting the totals included an adjustment for the latest inflation values.</p>

Key discussion items

Outlined below are the key discussions from Deep Dive workshop 5, detailing the topics presented, the questions and inputs from stakeholders and the response from Transgrid.

Topic presented by Transgrid	Stakeholder input	How Transgrid responded
<p>Strategic Benefit Payments to Landholders</p> <ul style="list-style-type: none"> KPMG explained Transgrid is seeking to involve and collaborate with stakeholders on its approach to Strategic Benefit Payments to Landholders. However, noted that the full details of the payment had not yet been released by Government as the investment was driven by an external NSW Government requirement. KPMG also noted one Customer Advocate group had previously sent through questions on this topic, and Transgrid would seek to address these matters in the workshop where possible. Transgrid explained it understands the NSW Government will imminently announce the introduction of a "Strategic Benefit Payments Scheme". Transgrid presented key considerations around the scheme, including what Strategic Benefit Payments are, why they are being introduced, and when and how the scheme will be applied. Transgrid also explained in future it will include the costs for these payments in Contingent Project Applications. However, given the costs for Project EnergyConnect have already been approved, Transgrid is seeking to recover those costs through the Revised Revenue Proposal process for when the legislation is announced. Transgrid explained the payment is in addition to compensation payment under the Land Acquisition Payment Just Terms Compensation Act, and that it comes under a shared benefits scheme. Transgrid explained it is a separate payment to compensation, and it is an equitable share of the benefit back to impacted communities, not related to land value. The payment will be over a defined period of time paid incrementally to the landowner during the period. 	<p>One Customer Advocate sought to clarify the wording around the Benefits Sharing Payment Scheme, noting it sounded similar to REZ Access Fees. The Customer Advocate noted it sounded like it would be an annual payment, and asked if it was different to a landholder payment and the process by which benefits flow back to communities.</p> <p>The Customer Advocate advised the wording 'benefits sharing scheme shared with affected community', may be misleading as payments are provided directly to landowners rather than communities.</p> <p>One Customer Advocate explained a number of TAC members had been working with the NSW Government on its Roadmap, noting to the other stakeholders' point, they seek to ensure clarity on what the payments are and who they are going to.</p> <p>The Customer Advocate noted they support the annuity payment to impacted landowners, but if there are payments being made via the NSW Roadmap Projects too, as opposed to payments being made by Transgrid, Transgrid needs to be clear about what consumers are being asked to pay for and the assets associated with the payments, in order to avoid the perception consumers are paying twice.</p> <p>The Customer Advocate acknowledged this and noted this needs to be completely traceable throughout the process, noting electricity distribution businesses face a similar challenge and that stakeholders have been advising them to be absolutely clear on these transactions.</p> <p>The Customer Advocate provided the example of the payment of transmission access fees in Victoria, stating they are a clear pass-through payment too. However, noting this causes issues with the TSNPs in Victoria because it drove a 40% increase in AEMO's Transmission Use of System (TUOS) due to land easement tax. The Customer Advocate noted Transgrid did not want to be in a position where people are confusing genuine cost with a pass-through taxation.</p> <p>The Customer Advocate advised they have communicated this as their preference to the NSW Government.</p>	<p>Transgrid clarified its understanding was that it will go to private landowners that are hosting a new piece of infrastructure, but is a separate payment to a property acquisition compensation payment.</p> <p>Transgrid explained although it does not yet have all the detail, Transgrid will simply pass through the payments, with payments to be fully determined by the NSW Government. Transgrid further explained these legislated payments will be recovered through Opex.</p> <p>Transgrid acknowledged this point and noted its preference is to have a "true up" of the pass-through amount, so that it is simply passing through the payments with a clear, traceable calculation. Transgrid noted if this was stakeholder preferences as well, then it would be good to confirm this in this forum so that it can be reflected in its Revised Revenue Proposal.</p> <p>Transgrid agreed this is its preference.</p>

Key discussion items

Outlined below are the key discussions from Deep Dive workshop 5, detailing the topics presented, the questions and inputs from stakeholders and the response from Transgrid.

Topic presented by Transgrid	Stakeholder input	How Transgrid responded
<p>Strategic Benefit Payments to Landholders (cont.)</p> <ul style="list-style-type: none"> KPMG noted Transgrid sought to have an initial discussion on the topic, despite not yet having all the details, and sought feedback from stakeholders in response to the following question: <ul style="list-style-type: none"> What benefits or challenges do stakeholders see with regard to Transgrid's approach to strategic benefit payments to landholders? 	<p>Another Customer Advocate noted payments should be made to landowners. However, this should ideally be funded by Government. The Customer Advocate reiterated it is important to ensure that the compensation payments is traceable and sought to understand how they will be allocated to the TUOS.</p>	
	<p>One Customer Advocate noted it was positive that the strategic benefits payments would be above The Just Terms Act. The Customer Advocate noted it would be good to see how the normal landholder payment is calculated, or if this is captured in the benefit sharing payment.</p>	<p>Transgrid clarified the normal payments for land acquisition is dealt with through the Contingent Project Application (CPA) process, and that the only reason Transgrid is discussing compensation in this context is because it needs to recover the costs it is required to pay for Project EnergyConnect landholders, as the determination for that project has already been made. Transgrid explained the information on land acquisition payment is set out in detail in the CPA and Transgrid can direct stakeholders to the supporting document that is shared with the AER.</p>
	<p>The Customer Advocate further commented they would be happy to have a separate meeting on some of these points, including the HumeLink undergrounding report, and ask direct questions to Transgrid.</p>	
	<p>Stakeholders noted they were comfortable with the discussion. However, noted they need further information following the NSW Government announcement.</p>	<p>Transgrid noted it will update stakeholders with the formula once it is published by the NSW Government, and will input the number of landholders to determine the payments that it would recover over the next regulatory period. Transgrid noted that in the Revised Revenue Proposal, it is only dealing with the Project EnergyConnect, and for the subsequent projects, the costs will be recovered going forward as part of Transgrid's CPAs.</p>
	<p>One Direct Connect Customer noted it would be good for the Government to outline the percentage of this cost for a typical project.</p>	<p>This was noted by KPMG.</p>

Key discussion items

Outlined below are the key discussions from Deep Dive workshop 5, detailing the topics presented, the questions and inputs from stakeholders and the response from Transgrid.

Topic presented by Transgrid	Stakeholder input	How Transgrid responded
<p>Indicative revenue and price impact from all investment in the 2023-28 period</p> <ul style="list-style-type: none"> Transgrid presented its indicative revenue and price impact from all investment in the 2023-28 period, including <ul style="list-style-type: none"> Changes to its 2023-28 forecast Capex Changes to its 2023-28 forecast Opex Revenue impact from market driven changes and updates to our expenditure forecasts Bill impacts Impact on bills from projects outside the Revenue Proposal 	<p>One Customer Advocate thanked Transgrid for continually showing the indicative price impacts, noting that this view is realistic for managing the cost increase and communicating its value. The Customer Advocate encouraged Transgrid to continue to share this information, and noted they are encouraging others to do the same, including NSW Government.</p> <p>Another Customer Advocate also thanked Transgrid, noting the importance of transparency on cost changes.</p> <p>Other stakeholders noted that they had no further feedback.</p>	<p>This was acknowledged by KPMG.</p>
<p>Summary and next steps</p> <ul style="list-style-type: none"> KPMG provided a recap on engagement principles and sought the TAC's feedback on the process to see if it aligned to the engagement principles defined at the start of its Revised Revenue Proposal Deep Dives. KPMG asked stakeholders if there were any other considerations for Transgrid as part of Deep Dive 6 or the end-to-end process. KPMG provided a summary of the discussion within the workshop. KPMG presented the next steps, including: <ul style="list-style-type: none"> Transgrid will share collateral from today's Deep Dive workshop Transgrid to consider and address feedback from this workshop Transgrid will share the KPMG Deep Dive 5 report once finalised Transgrid thanked all the stakeholders for their feedback and attendance. 	<p>When asked how stakeholders thought Transgrid had aligned to the engagement principles it had set out at the commencement of its Revised Revenue Proposal Deep Dives:</p> <ul style="list-style-type: none"> One Customer Advocate noted they would have appreciated visibility of content on the Strategic Benefit Payments to Landholders prior to the Deep Dive workshop. One Direct Connect Customer positively regarded the workshop and the process, noting there had been good discussion. One Customer Advocate thanked Transgrid for the discussion and increased transparency. Another Customer Advocate noted they appreciated Transgrid's engagement efforts. The Customer Advocate further noted the importance of a clear narrative as to the consumer benefits associated with investments. The Customer Advocate noted in general, consumers are supportive of the energy transition and people know this will have a cost impact. However, wanted to make sure there is a clear information and narrative for people that communicates the value proposition, including Transgrid is laying solid foundations for the future, which they then believed consumers are willing to pay for. The Direct Connect Customer also agreed with this, noting this was particularly relevant in the current context of rising prices, and it was important to outline the narrative to consumers that when the "short term pinch" goes away, renewables will be cheaper. A Financial Investor agreed, and thanked all for the effort. 	<p>This was acknowledged by KPMG.</p> <p>It was noted following the workshop that workshop materials (including relating to the Strategic Benefit Payments to Landholders) was provided to TAC members in advance of the meeting.</p>

Appendix: Attendance

Participants

Stakeholder Name	Organisation	Stakeholder Type	Attendance
Gavin Dufty	St Vincent de Paul	Customer Advocate	Attended
Tennant Reed	Australian Industry Group	Customer Advocate	Attended*
Scott Young	Commonwealth Bank Australia	Financial investor	Attended
Kim Woodbury	City of Sydney	Direct connect customer	Attended
Brendan O'Keeffe	NSW Farmers	Customer Advocate	Attended
Nick Savage	NSW Farmers	Customer Advocate	Attended
Andrew Richards	Energy Users Association Australia	Customer Advocate	Attended
Slavko Jovanoski	AER	Observer	Attended
Riya Goyal	AER	Observer	Attended
Daniel Wotherspoon	AER	Observer	Attended
David Monk	AER	Observer	Attended
Albert Tong	AER	Observer	Attended
Daniel Feng	AER	Observer	Attended
Mike Swanston	CCP	Observer	Attended
Alen Talic	AER/ ACCC	Observer	Attended
Craig Memery	Public Interest Advocacy Centre	Customer Advocate	Apology
Panos Priftakis	Snowy Hydro	Direct connect customer	Apology
Brian Spak	Energy Consumers Australia	Customer Advocate	Apology
Sam Fyfield	Goldwind	Direct connect customer	Apology
Iain Maitland	Ethnic Communities Council NSW	Customer Advocate	Apology
Maria Cahir	Tesla	Direct connect customer	Apology
Dev Tayal	Tesla	Direct connect customer	Apology
Luke Rankovich	Tomago Aluminium	Direct connect customer	Apology
Nicola Falcon	AEMO	Market Body	Apology
Michael Ottaviano	ERM Advisory	Expert advisor	Apology
Christiaan Zuur	Clean Energy Council	Industry Advocate	Apology
Chloe Bennett	Aboriginal Affairs NSW	Customer Advocate	Apology
Richard McGill	AER	Observer	Apology
Elissa Freeman	CCP	Observer	Apology

*Attended for part of the workshop (approx. 30 min).

Appendix: Attendance

Facilitators and Observers

Stakeholder Name	Organisation	Stakeholder Type
Maryanne Graham	Transgrid ELT	Attended
Marie Jordan	Transgrid ELT	Attended
Stephanie McDougall	Transgrid	Attended
Jennifer Hughes	Transgrid	Attended
Fiona Orton	Transgrid	Attended
Heather Wagland	Transgrid	Attended
Andrew Webster	Transgrid	Attended
Robert Alcaro	Transgrid	Attended
Sarah Lim	Transgrid	Attended
Jesse Steinfeld	Transgrid	Attended
Deyi Wu	Transgrid	Attended
Cassie Farrell	Transgrid	Attended
Charles-Edouard Mariolle	Transgrid Board	Attended
Gerard Reiter	Transgrid Board	Attended
Eric Dubreuil	Transgrid Board	Attended
Matt Pearce	KPMG	Attended
Louise Pogmore	KPMG	Attended
Hannah Lock	KPMG	Attended
Grace Smith	KPMG	Attended



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