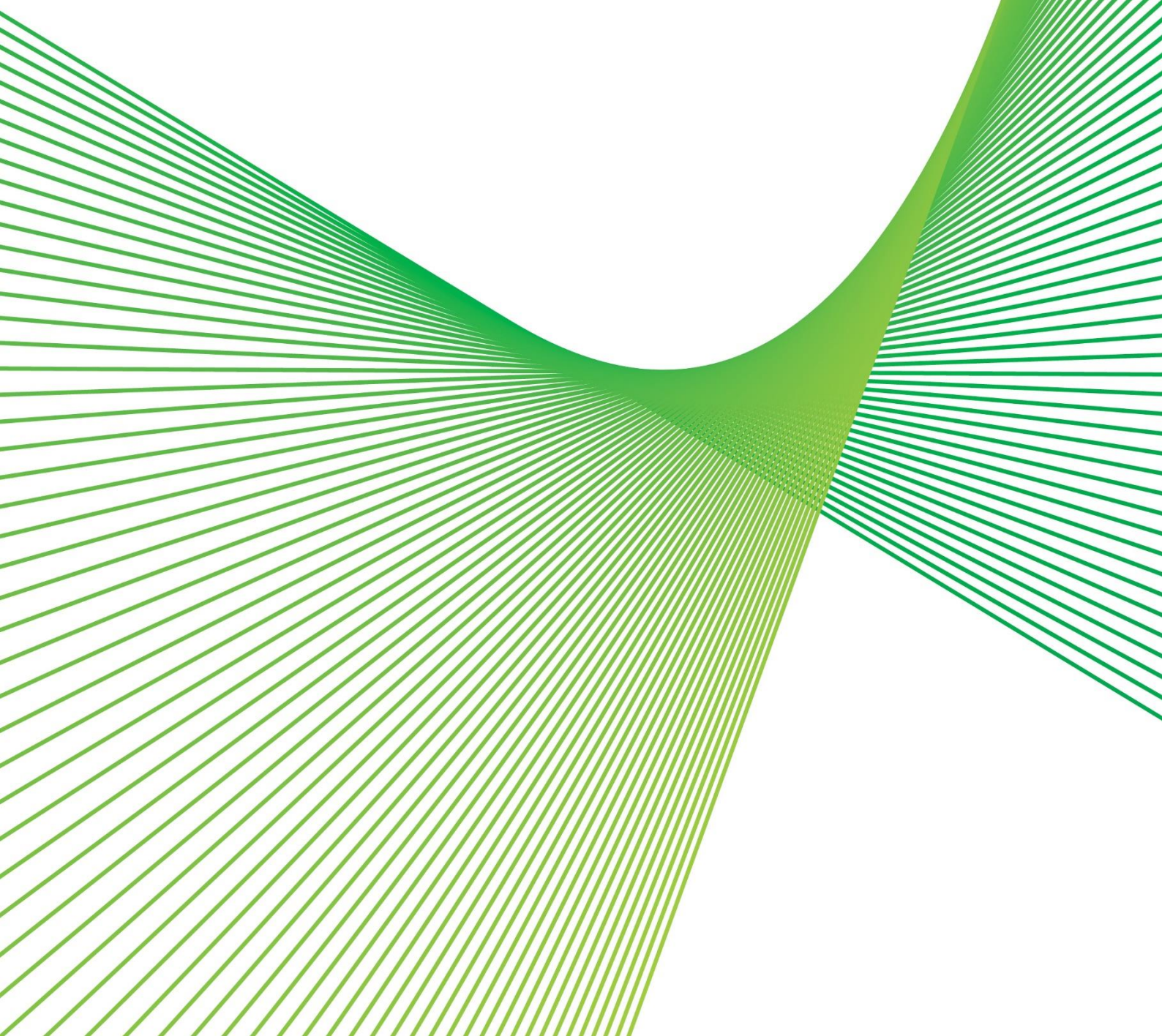


Regulatory Stakeholder Engagement Strategy

Waratah Super Battery non-contestable revenue proposal



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1. Introduction

1.1. Purpose

On 14 October 2022, the NSW Minister for Energy directed Transgrid as the Network Operator to carry out the Waratah Super Battery (WSB) project. The WSB project is classified as a Priority Transmission Infrastructure Project under the Electricity Infrastructure Investment (EII) Act 2020 and will ensure NSW continues to have reliable energy supply following the anticipated closure of the Eraring Power Station in 2025.

This Regulatory Stakeholder Engagement Strategy has been prepared to support Transgrid's Revenue Proposal for the non-contestable aspects of the project, which includes Augex and System Integrity Protection Scheme (SIPS) Control. Further detail about the scope and objectives of the WSB project is provided in Chapter 2.

This Strategy identifies our objectives and approach to engaging with stakeholders throughout the preparation of our Revenue Proposal. It identifies the key stakeholders with an interest in the proposal, highlights key stakeholder issues and concerns, and the key messages, tools and techniques we will use to engage with stakeholders throughout preparation of our proposal.

Also included in this Strategy is a high-level program of communication and engagement activities, which we will review and update over time, in alignment with key project milestones. This Strategy also details the governance structure for implementing communication and engagement activities, including team roles and responsibilities and processes for data management. It is designed to be an iterative document – we will work collaboratively with stakeholders and our internal teams, to refine and update it over time.

This Strategy also aligns with the WSB Community Engagement Strategy, which details the approach for communicating and engaging with community stakeholders and landowners, throughout the planning, approvals and construction phase of the overall WSB project.

2. Project background

2.1. Project objectives and scope

The aim of the WSB project is to increase power transfer capacity on transmission lines that connect generation in the northern and southern regions of NSW to the Sydney, Newcastle and Wollongong region. The battery will operate as part of a broader SIPS. The SIPS is designed to monitor transmission lines and enable the battery to act as a 'shock absorber' in the event of any sudden fault on the transmission system.

The WSB project includes both contestable and non-contestable works. Contestable components include the battery service (SIPS) and the paired generation services. As shown in Figure 1, the non-contestable components of the project, which Transgrid has been directed by the Minister to undertake, involve augmentation works and SIPS control. This is to allow existing generation to transmit more energy to meet demand in the Sydney, Newcastle, Wollongong regions, following the reduction in supply within that region due to the potential early retirement of the Eraring power station. These non-contestable works will form an integral part of our existing transmission network once operational.

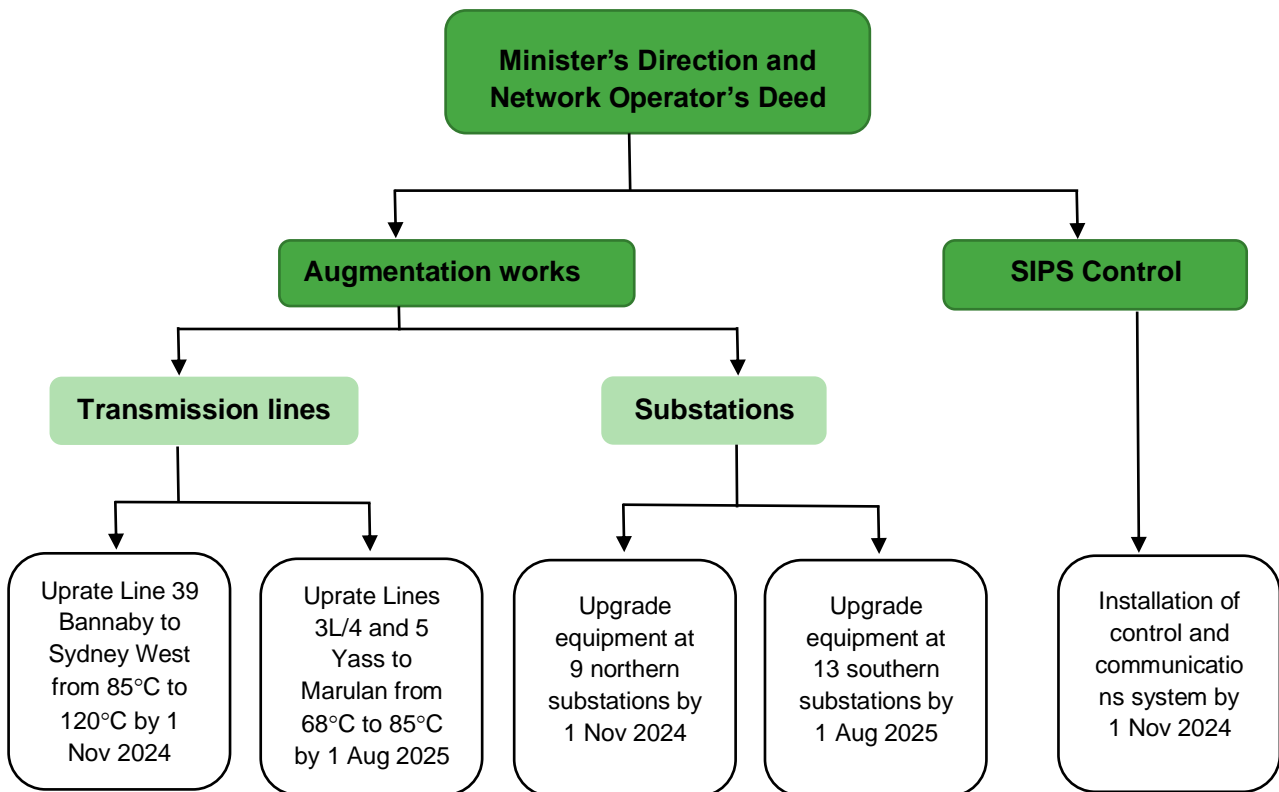


Figure 1: WSB non-contestable scope elements.

2.2. Project location

The WSB project will be delivered on the NSW Central Coast, on the site of Transgrid's existing Munmorah substation, and site of the former Munmorah Power Station at 301 Scenic Drive, Colongra. The project site is located approximately one kilometre east of the Central Coast Highway, about three kilometres from the neighbouring suburb of Doyalson and about five kilometres from Budgewoi (see Figure 2).

The Munmorah Power Station closed in June 2012 after operating for approximately 50 years. It has a total area of approximately 730 hectares. The location of the WSB at Munmorah has an area of approximately 15 hectares and was previously used as the coal stockpile area for the power station. The site is largely cleared and disturbed from its previous use for the power station.



Figure 2: Approximate location of the WSB project on the former Munmorah Power Station site.

2.3. Timeline for regulatory approvals

Transgrid's WSB non-contestable Revenue Proposal is subject to the EII Regulatory Framework and is due to the Australian Energy Regulator (AER) by 30 June 2023. Table 1 highlights the key dates for submitting the proposal, the AER's assessment and determination.

Table 1: WSB non-contestable revenue proposal key dates

Timing	Milestone
14 April	Complete tender process for competitive Augex and SIPS
26 May	Draft Revenue Proposal to EnergyCo
23 Jun	EnergyCo notice of approval to submit
30 Jun	Submit Initial Revenue Proposal (IRP) to AER
20 Jul	Stakeholder submissions on IRP
By 29 Sept	AER publishes Draft Decision
9 Nov	Submit Revised Revenue Proposal
24 Nov	Stakeholder submissions on RRP
22 Dec	AER publishes final determination

3. Engagement approach

3.1. Best practice frameworks

The International Association of Public Participation’s (IAP2) Public Participation Spectrum (shown in Figure 3) provides a guiding framework for engaging the public, endorsed by Transgrid as the best-practice approach to community and stakeholder engagement. The IAP2 guidelines and practices adhere to open, transparent and inclusive engagement processes. The Spectrum is widely used and well recognised as a guideline for formulating a best-practice approach to stakeholder and community engagement.

In addition to the IAP2 spectrum, our engagement approach is guided by the AER’s *Better Resets Handbook*. The Handbook sets out the AER’s expectations of how network businesses should engage with consumers and how outcomes of that engagement should be reflected in proposals. These expectations are principles-based and cover the nature of engagement, the breadth and depth of engagement, and clearly evidenced impact of engagement.

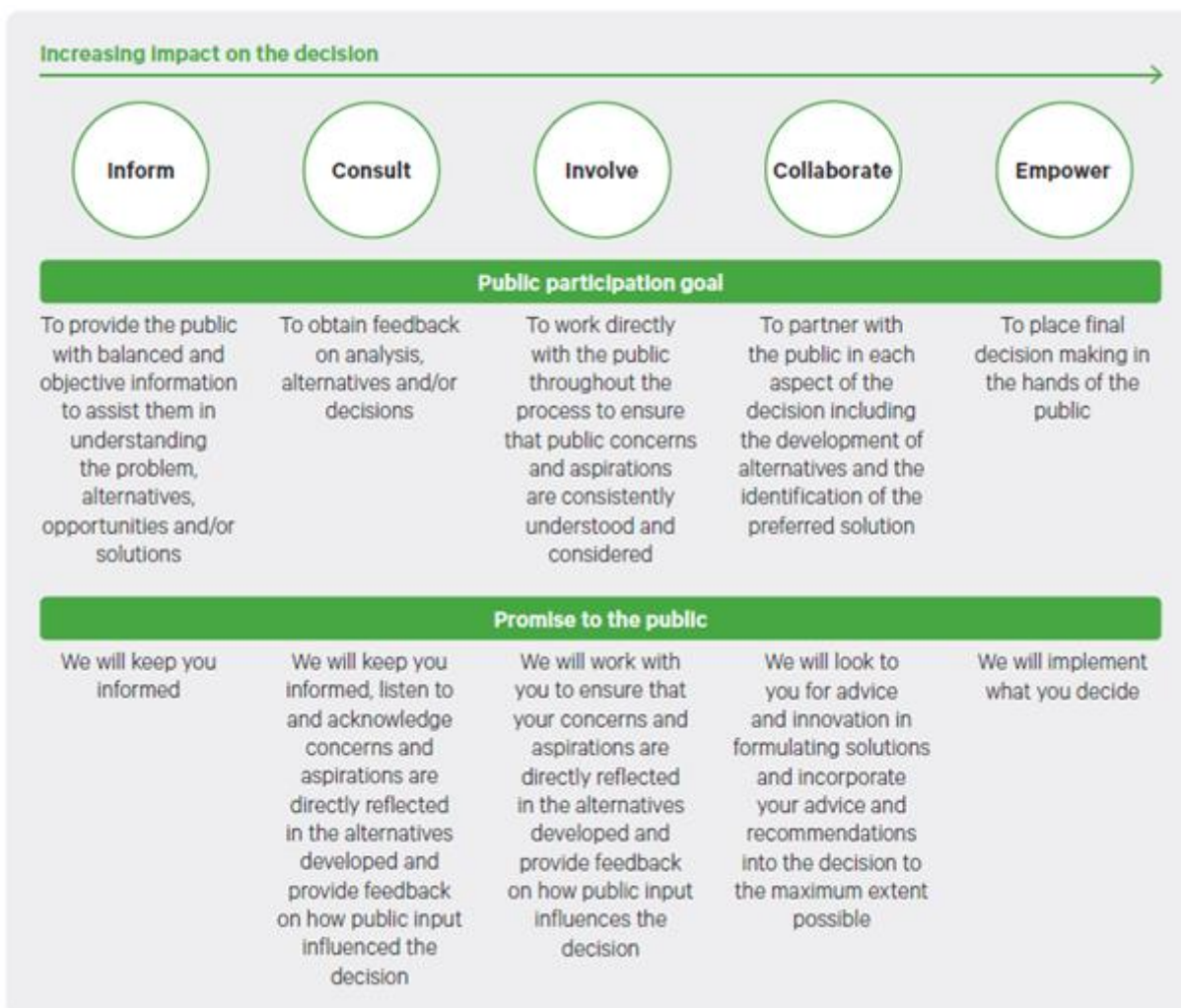


Figure 3: IAP2 public participation spectrum.

3.2. Engagement objectives

The overarching objective of this Regulatory Stakeholder Engagement Strategy is to establish an engagement framework and process that aligns with the engagement principles of the AER's Better Resets Handbook and supports the successful approval of our WSB Revenue Proposal.

The specific objectives of this Strategy are to identify and understand stakeholder concerns and preferences for the WSB Revenue Proposal and ensure they are considered and addressed within the proposal. The engagement principles listed in section 3.3 detail our approach for achieving these objectives.

3.3. Engagement principles

The following principles will guide our approach for communicating and engaging with stakeholders in the preparation of the WSB non-contestable Revenue Proposal:

- **Genuine** – we will engage early and often, ensuring time for feedback to be considered and integrated into the project and decision-making processes.
- **Inclusive** – we will provide ongoing engagement opportunities, using various methods, to facilitate meaningful involvement in issues and the project.
- **Accessible** – we will avoid jargon and use plain English to ensure communications materials are clear, concise and easy to understand, and we will provide information materials in a timely manner.
- **Responsive** – we will work with stakeholders to regularly review and refine our engagement approach and processes.
- **Transparent** – we will engage openly, honestly and transparently and we will demonstrate how we have considered stakeholder feedback, the decisions we make and why.

4. Stakeholder analysis

4.1. Stakeholder identification

Table 2 identifies the key stakeholders and their estimated level of influence and interest in the WSB Revenue Proposal. Table 2 also identifies our anticipated participation goal for each stakeholder group, with reference to the IAP2's public participation spectrum. We will collaborate with stakeholders to ensure our level of engagement meets their interests, expectations and needs.

As shown in Table 2, regulators and decision-making bodies, consumer representatives and advocacy groups, state government stakeholders and the Transgrid Advisory Council (TAC) are identified as having a medium to high level of interest and potential influence over the outcome of the Revenue Proposal. We will inform, consult and involve these stakeholders throughout the process of preparing the WSB Revenue Proposal.

Table 2: Summary of key project stakeholders

Stakeholder group	Description	Level of interest/influence	Public participation goal
Consumer representatives and advocacy groups	Energy Consumers Australia (ECA) Energy Users Association of Australia (EUAA) Energy Ombudsman Australian Energy Infrastructure Commissioner (AEIC) Public Interest Advocacy Centre (PIAC)	Medium to high	Inform and consult
Regulators/ decision making bodies	Australian Energy Market Operator (AEMO) Australian Energy Regulator (AER) Australian Energy Market Commission (AEMC) Energy Security Board	High	Inform, consult and involve
Transgrid Advisory Council (TAC)	Aboriginal Affairs NSW, Department of Premier and Cabinet Australian Industry Group City of Sydney Council Clean Energy Council Commonwealth Bank Energy Consumers Australia Energy Users Association of Australia Ethnic Communities Council NSW Goldwind NSW Farmers Association Public Interest Advocacy Centre Snowy Hydro St Vincent de Paul Society Tesla Tomago Aluminium Co.	Medium	Inform and consult
Federal Government	Department of Climate Change, Energy, the Environment and Water Australian Energy Infrastructure Commissioner Minister for Climate Change and Energy (Chris Bowen MP) Minister for Environment and Water (Tanya Plibersek MP) Assistant Minister for Climate Change and Energy (Jenny McAllister)	Low to medium	Inform and consult
State Government	EnergyCo Environment Protection Authority	Medium to high	Inform, consult and involve

Stakeholder group	Description	Level of interest/influence	Public participation goal
	NSW Department of Planning and Environment Minister for Energy and Minister for the Environment, Penny Sharpe Minister for the Central Coast, David Harris		
Service providers	Akaysha Energy	Medium	Inform and consult
State Members	WSB transmission line augmentation works Member for Goulburn - Mrs Wendy Tuckerman MP (Lib) Member for Wollondilly - Mrs (Judy) Judith Anne Hannan, MP (Ind) Member for Badgerys Creek - Mrs Tanya Davies (Lib) WSB Member for Swansea, Yasmin Catley Member for Wyong, David Harris Member for Lake Macquarie, Greg Piper	Medium	Inform
Federal Members	Member for Hume - Hon Angus Taylor MP (Lib) Member for Eden Monaro (Hon Kristy McBain MP) Member for McMahon (Hon Chris Bowen) Member for Lindsay (Melissa McIntosh)	Low	Inform
Local Government	Central Coast Council Penrith Council (Line 39) Liverpool Council (Line 39) Wollondilly Council (Line 39) Wingecarribee Council (Line 39) Goulburn Mulwaree Council (Line 3L/4/5) Upper Lachlan Council (Line 3L/4/5) Yass Valley Council (Line 3L/4/5)	Medium	Inform
Industry and peak associations	Energy Networks Australia Infrastructure Partnerships Australia Clean Energy Council Business Council of Australia	Low to medium	Inform
Media	The Australian Renew Economy Australian Financial Review	Low to medium	Inform

Stakeholder group	Description	Level of interest/ influence	Public participation goal
	ABC News Coast Community News Central Coast Express Advocate		

4.2. Key issues

We expect key stakeholders will have an interest in a range of key issues related to the WSB Revenue Proposal. These relate to the project justification and need, regulatory framework, cost planning and risks, and our consultation and engagement process. These issues are summarised in Table 3 along with the relevant stakeholder groups and proposed mitigation measures.

Table 3: Key stakeholder issues and risks

Area of interest	Potential issues, concerns and opportunities	Stakeholder groups	Mitigation measures
Project need	<ul style="list-style-type: none"> Clarification of project need Orders directing Transgrid to carry out the WSB 	Consumer representatives and advocacy groups TAC Industry and peak associations	<ul style="list-style-type: none"> Prepare key messages and information materials to clearly articulate project drivers
Regulatory framework	<ul style="list-style-type: none"> Clarification of regulatory framework including Electricity Infrastructure Investment Act 2020 and National Electricity Rules (NER) Relevance of the AER's 2023-28 Final Determination Roles and responsibilities Contestable and non-contestable components 	Consumer representatives and advocacy groups TAC Regulators State Government	<ul style="list-style-type: none"> Prepare key messages and information materials to explain regulatory framework Regular stakeholder briefings and meetings to clarify and align roles and responsibilities
Cost planning and commercial framework	<ul style="list-style-type: none"> Accuracy of forecast costs Assumptions behind costs Cost uncertainties and risks Demonstrated value for consumers Transparency and consistency of costs Tender and procurement processes Contract arrangements 	Consumer representatives and advocacy groups TAC Regulators Government Service providers Regulators	<ul style="list-style-type: none"> Clearly explain cost calculations and assumptions Detail cost components Identify cost uncertainties and risks and options for mitigating risks Ongoing updates provided to stakeholders
Consultation and engagement	<ul style="list-style-type: none"> Timing and scope for consultation and engagement Engagement approach and expectations for consumer engagement under AER guidelines 	Consumer representatives and advocacy groups TAC Regulators	<ul style="list-style-type: none"> Consultation and engagement processes to be co-designed with key stakeholders

	<ul style="list-style-type: none"> • Need for Transgrid to demonstrate how it has considered and addressed stakeholder feedback and concerns 	Government	<ul style="list-style-type: none"> • Clearly articulate engagement objectives and processes • Ongoing review and update of consultation and engagement processes, as needed
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5. Communication and engagement tools

5.1. Summary of communication and engagement tools

Table 4 shows the range of tools we will use to communicate and engage with stakeholders during the preparation of our revenue proposal. Regular consultation and collaboration with the TAC, is a key element of our engagement approach (see Section 5.2). This is supported by stakeholder briefings and meetings and information materials shared via a variety of channels. We will work with stakeholders to monitor and review the effectiveness and adequacy of these tools and make changes as needed, throughout the engagement process.

Table 4: Communication and engagement tools

Communication and engagement tool	Purpose
TAC meetings	Collaborative monthly meetings with TAC members to provide updates and discuss key challenges and opportunities for the WSB non-contestable revenue proposal. The format and content of TAC meetings will be prepared with TAC members, in alignment with our updated TAC Engagement Strategy.
Stakeholder briefings and meetings	Briefings and meetings with key stakeholders such as the AER, to provide updates and seek input on key issues and discuss the overall progress of the proposal.
Email and other correspondence	Email and written correspondence such as meeting notes, to record key issues and outcomes resulting from stakeholder meetings, briefings and other communications.
Media	Pre-prepared release and holding statements on key issues/ opportunities to promote project progress and support timely issues management.
Website	Updates to the Transgrid website to reflect latest news and developments for the WSB Revenue Proposal and broader project.

5.2. Transgrid Advisory Council (TAC) meetings

Regular involvement and collaboration with the TAC, is a key element of our engagement approach for the WSB Revenue Proposal. The TAC provides a regular channel for stakeholders to discuss key issues, provide input and share perspectives on the proposal.

Following our experience with recent stakeholder engagements and feedback from the TAC on our 2023-28 Revenue Proposal engagement, we have refined and improved our approach to engaging the TAC, to enhance customer outcomes and better meet stakeholder needs and expectations.

In particular, we have:

- reviewed the TAC membership and governance arrangements to ensure it remains representative and fit for purpose
- consolidated the TAC to one group and scheduled monthly, rather than quarterly meetings, to allow adequate time and opportunity for feedback to be considered and addressed in our projects
- co-designed meeting agendas for each TAC
- improved the timeliness of providing briefing materials to the TAC ahead of each TAC meeting, and
- sought input and views from the TAC on key positions and proposals and invited the TAC to participate in decision making processes, where appropriate.

These changes promote a more transparent and inclusive engagement approach and more closely reflect our engagement principles, outlined in section 3.3.

In preparing our WSB Revenue Proposal, we will work collaboratively with TAC members to focus our consultation on key issues of interest and concern. We expect this will include the following key topics:

- the NSW regulatory framework
- the need, scope and timing of the project
- cost components including Capex, Opex, labour and other indirect costs
- our approach to determining prudent, efficient and reasonable forecast capex.

Refer to Appendix A for TAC membership details.

6. Communication and engagement program

Figure 4 shows our high-level program of communication and engagement activities leading up to the submission of the WSB Revenue Proposal by 30 June 2023. The program integrates with our broader 2023 TAC Engagement Strategy.

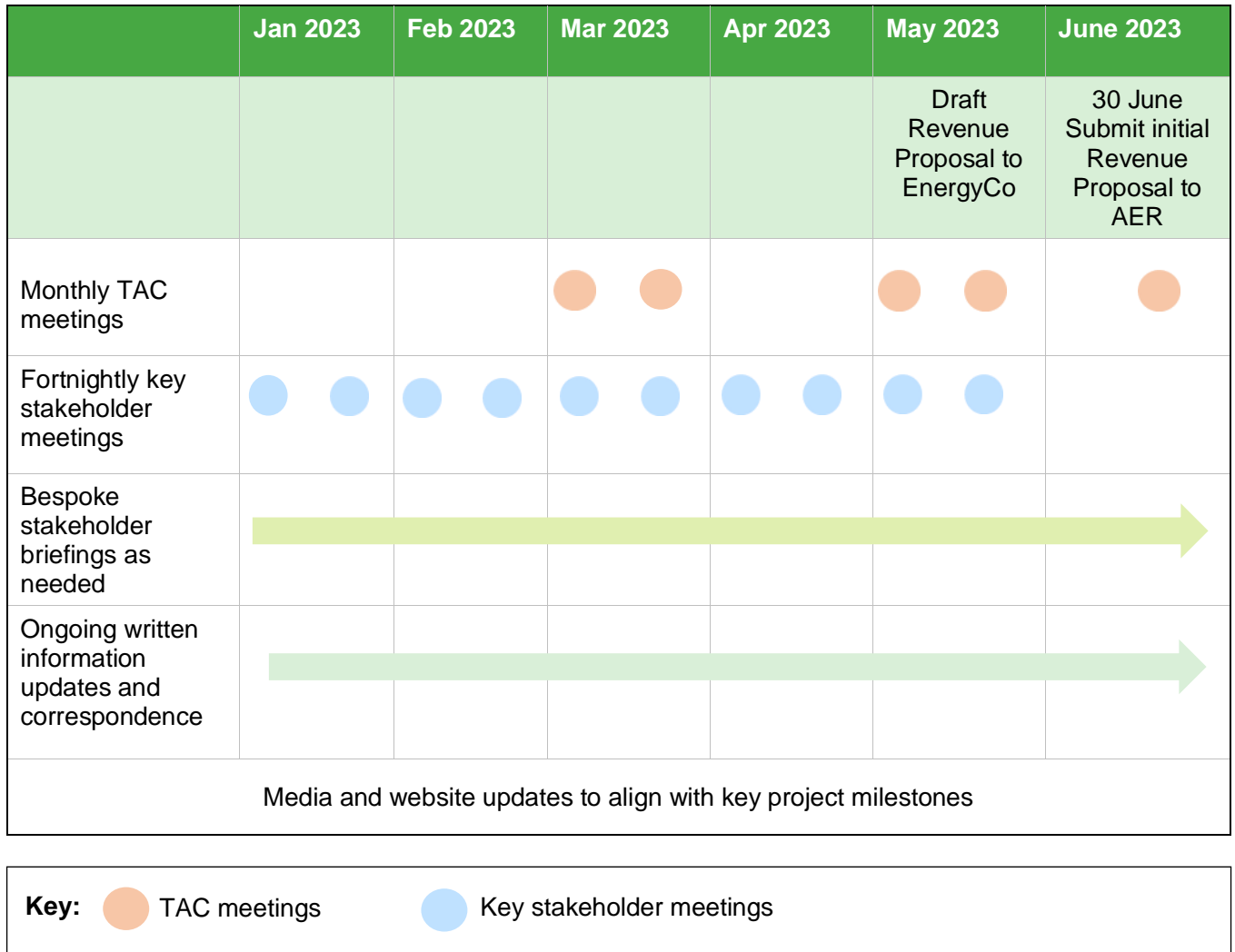


Figure 4: Overarching communication and engagement program for the WSB Revenue Proposal.

7. Governance

7.1. Roles and responsibilities

Table 5 below lists the key roles and responsibilities within Transgrid for implementing this Stakeholder Engagement Strategy.

Table 5: Communications and engagement roles and responsibilities

Role	Responsibility
Stakeholder Engagement team	
Executive General Manager, Corporate and Stakeholder Affairs	Overall responsibility for community, stakeholder and government engagement, regulation, and policy matters
General Manager of Regulation	Manages relationships with executive level key stakeholders and regulators Presenter and key spokesperson for consultation and engagement activities Overall responsibility for preparation of the Revenue Proposal Provides input and reviews communications collateral
General Manager – Community, Stakeholder & Government	Strategic oversight of communication and engagement function Implementation of best practice engagement Manages relationships with executive level key stakeholders Collateral review and approvals that require Executive approval Reporting for the Executive
Stakeholder Engagement Manager	Strategic oversight of communication and engagement function Implementation of best practice engagement Work closely with Transgrid Advisory Council contacts Collateral review and approvals that require PD and Executive approval Key stakeholder relationships Team management Tracking WSB deliverables and feedback Stakeholder briefings Transgrid liaison and team meetings Reporting for the Executive
Senior Advisor - Stakeholder Engagement	Develop and implement communication and engagement action plans Coordinate and prepare information materials for meetings Prepare reports and report inputs Engagement risk identification and mitigation Media responses (with Media Manager)
Stakeholder Engagement Advisor	Secretariat duties for meetings Report writing Database entry (CRM)

Media and Communications Manager	Responsible for project communications and media
Government and Stakeholder Relations Manager	Lead and deliver government relations activities

7.2. Recording communications and engagement activities

We will use Transgrid's Consultation Manager database, or similar customer relationship management tool, to securely store stakeholder engagement details. This will include information on the type of engagement activities undertaken and feedback received. We will use this data for internal reporting purposes, to track key issues of concern and to drive the continual improvement of our engagement practices.

7.3. Contact us

If you have any questions or feedback in relation to this Regulatory Stakeholder Engagement Strategy, please contact Cassie Farrell, Stakeholder Engagement Manager via email to cassie.farrell@transgrid.com.au or phone 0448 377 497.

Appendix A TAC membership

Organisation	Name	Position
Australian Industry Group	Tennant Reed	Head of Climate, Energy and Environmental Policy
City of Sydney	Kim Woodbury	Chief Operating Officer
Energy Consumers Australia	Brian Spak	Director, Energy Transformation
Energy Users Association of Australia	Andrew Richards	Chief Executive Officer
Goldwind	Sam Fyfield	General Manager – Grid & SCADA
Ethnic Communities Council NSW	Iain Maitland	Energy Advocate
Tesla	Maria Cahir	Senior Manager, Sales and Business Development
Snowy Hydro	Panos Priftakis	Head of Wholesale Regulation
St Vincent de Paul	Gavin Dufty	Executive Manager Policy and Research
Tomago Aluminium	Luke Rankovich	Commercial Superintendent
NSW Farmers Association	Brendan O’Keefe	Economist
AEMO	Mitchell Hume	Stakeholder Engagement Lead
Aboriginal Affairs NSW, Department of Premier and Cabinet	Chloe Bennett	Regional Manager, Murdi Paaki Region
Public Interest Advocacy Centre	Craig Memery	Program Director, Energy + Water Consumers’ Advocacy Program
Additional members for regulatory engagements		
AEMO	Mitchell Hume	Stakeholder Engagement Lead
ERM Advisory	Michael Ottaviano	Partner
Australian National University	Prof. Andrew Blakers	Director of Centre for Sustainable Energy Systems
Clean Energy Council	Christiaan Zuur	Director, Energy Transformation
Commonwealth Bank of Australia	Scott Young	Executive Director