Consumer Advisory Group Quarterly meeting

Monday 15 June 2026

Acknowledgement of Country

In the spirit of reconciliation Transgrid acknowledges the Traditional Custodians of the lands where we work, the lands we travel through and the places in which we live.

We pay respects to the people and the Elders past, present and emerging and celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of NSW.

Transgrid

Introducing today's presenters

Transgrid

Brett Redman
Chief Executive Officer

Maryanne Graham
Executive General Manager Corporate Affairs, Stakeholder Engagement and Environment

Meeting Chair

Nicole Ryan
General Manager Strategic Advocacy, Government & Legacy

Ruth Lavery
RP4 Consumer Working Group Independent Chair

Rupert Doney
Head of Energy Policy

Dominic Adams
Chief Operations Officer, Energy Networks Australia

Energy Networks Australia

Agenda

Light lunch available from 12.30pm in the Tuggerah Room

Item	Time	Topic	Presenters
1	1.00pm	Acknowledgment of Country and introductions (5 min)	Maryanne Graham
2	1.05pm	Recap of last CAG meeting (5 mins)	Nicole Ryan
3	1.10pm	CAG member updates and future agenda ideas (20 min)	Maryanne Graham
4	1.30pm	In conversation with the CEO (30 min)	Brett Redman
5	2.00pm	Consumer Working Group update (10 min)	Ruth Lavery
6	2.10pm	*Afternoon tea break (10 min)*	
7	2.20pm	Electricity Network Regulation Review (90 mins)	Rupert Doney and Dominic Adams (ENA)
8	3.50pm	Summary, reflections and next steps (10 min)	Maryanne Graham
9	4.00pm	Close	

Recap of last CAG meeting

What we heard at CAG meeting #3, 14 May

Victoria to NSW Interconnector (VNI West) regulatory engagement

- The need to proactively and transparently manage stranding risk to protect consumers against potential impacts if project components progress at different speeds (or do not proceed).
- The importance of transparently managing cost allocation, with the project now effectively split between two regulatory frameworks.
- The need for a clear, consistent, cross-jurisdictional, whole-of-project narrative to support community and stakeholder understanding.

Hunter Transmission Project (HTP) regulatory engagement

- The need to clearly explain financeability mechanisms, particularly where they affect the timing of consumer costs.
- The importance of demonstrating lessons learnt from previous project experiences (such as EnergyConnect), and accountability and assurance around cost control mechanisms, including how incentives protect consumers across procurement, delivery and regulation.
- Our engagement objectives may need to be reconsidered for some aspects of the revenue proposal, such as adjustment mechanisms and financeability.

CAG member updates and forward agenda ideas

facilitated by Maryanne Graham

Transgrid

In conversation with the CEO

Consumer Working Group update – Ruth Lavery

RP4 Consumer Working Group (CWG) members

- **Mike Swanston**, Deputy Chair, Consumer Advocate
- **Andrew Richards**, Energy Users Association of Australia
- **Gavin Dufty,** St Vincent de Paul Society
- **Louise Benjamin,** Consumer Advocate
- **Michael Lynch,** Justice and Equity Centre
- **Ruth Lavery,** Independent Chair

Where the CWG is up to in the RP4 process

Six months in

Draft report to the AER - September 2026

Engaged with a wide range of Transgrid people, from ELT down

Working within Transgrid's Network Capital Investment Process – looking for bill-payer focus

How is expenditure shaping up?

Working closely with Transgrid's Regulation team

Versions being narrowed down by Business Case

SLT input

Culture

Customer Panel

Providing feedback on artefacts and workshops, observing

Two workshops so far – understanding Transgrid and resilience

How Transgrid uses outcomes


Afternoon Tea Break
Transgrid

Electricity Network Regulation Review

Electricity Network Regulation Review (ENRR)

Presenters

Rupert Doney
Head of Energy Policy

Dominic Adams
Chief Operations Officer, Energy Networks Australia

This discussion will commence our engagement with the CAG on the ENRR, which will run until the end of 2027.

The objective of today's engagement is to:

- understand CAG member views on priority issues for the review
- ask for CAG member feedback on Transgrid's priority issues for the review
- share ENA member perspectives of the review

We aim to achieve an *involve* level of engagement on this topic.

Inform	Consult	**Involve**	Collaborate	Empower

Why the ENRR is needed now

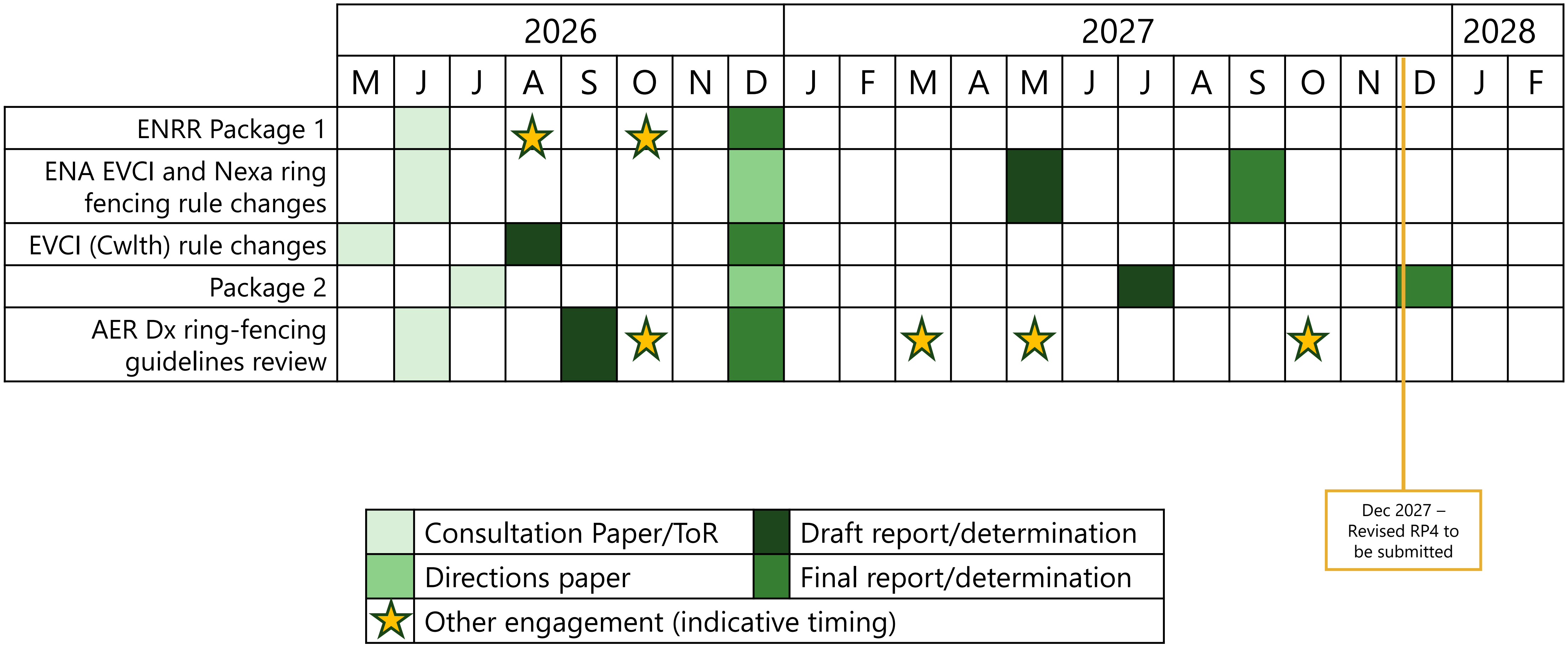
Transgrid

A holistic review of the components of the regulatory framework that shape the risk/reward package is necessary to ensure it continues to promote the long-term interests of consumers.

A review of electricity network regulation is timely:

- The AEMC last reviewed network economic regulation in 2020, having completed three consecutive annual reviews
- While change has been constant, the last major reforms of the framework, the *Better Regulation Program*, occurred in 2013. The underlying CPI-X methodology has been in place since 2008
- The framework was designed to regulate monopoly businesses that were largely expected to maintain and replace their assets, with growth continuing to occur in line with population and demand
- Rapid technological change (e.g. electrification/data centres/growth in VRE) and changing roles for network service providers (e.g. scale and nature of service delivery) raises questions about whether the framework remains fit for purpose to deliver the right outcomes for consumers.

ENRR timeline and related milestones



Focus areas for the Review - Latest AEMC Guidance

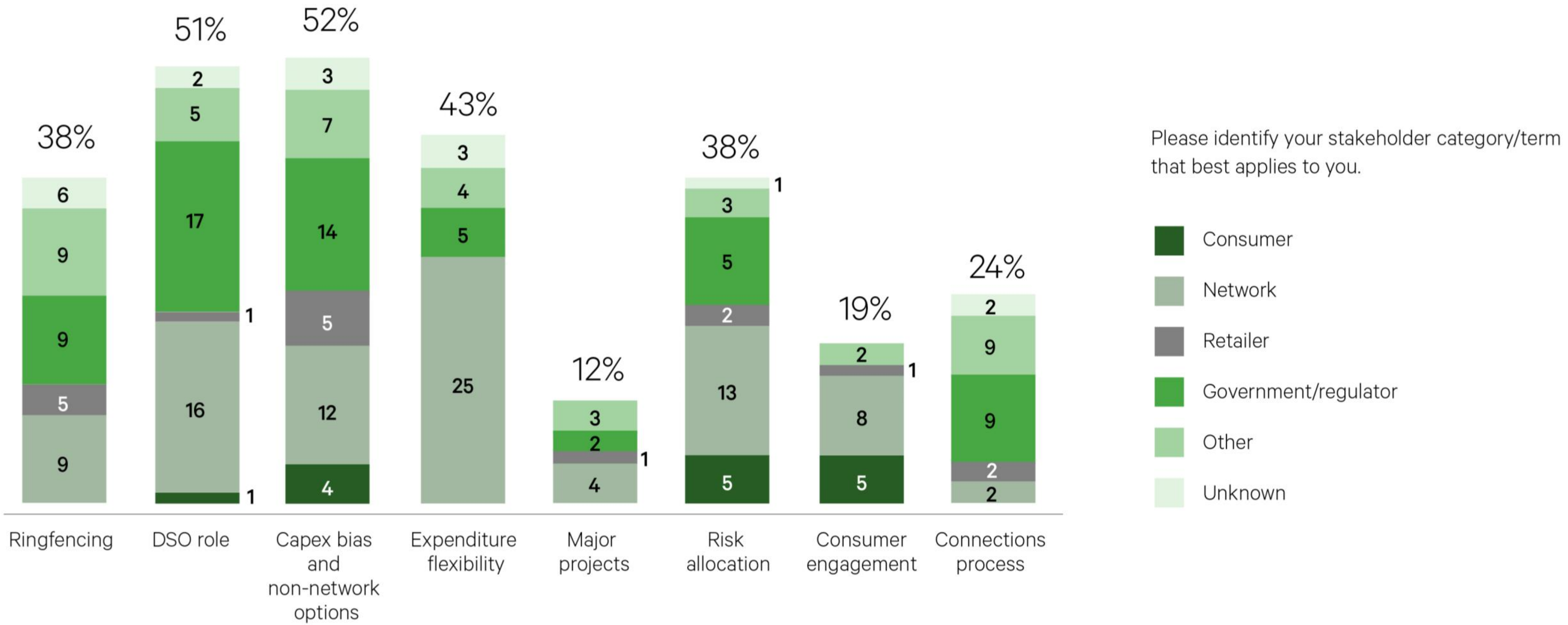
Transgrid

	Area	Indicative area for investigation
Package 1 (Inc EVCI and ringfencing rule changes)	What services do we need networks to provide in the future?	**Key areas: What should be the scope of monopoly regulation?** What should be regulated services? Are market power mitigants appropriate? ***Examples:*** *EV charging infrastructure, community batteries, DSO services.*
Package 2	How do we make sure networks deliver those services in the interests of consumers?	**Key areas: How do we ensure efficient operation and expenditure?** How can the framework align NSP actions with the long-term interests of consumers? ***Examples:*** *DSO incentives, network utilisation, capex vs opex incentives, interactive of incentive mechanisms.*
	Does the framework support consumer outcomes through the risk reward package?	**Key questions: Does the framework appropriately allocate and compensate for risks between NSPs and consumers?** ***Examples:*** *Risk compensation mechanisms: Form of control (revenue cap, price cap, hybrid), anticipatory investment tools, mod-period adjustment processes.*
	Does the regulatory determination process support positive consumer outcomes?	**Key questions: Is there a need to improve the 'consumer voice' in the regulatory determination process?** Is the revenue determination process operating in the long-term interest of consumers? ***Examples:*** *Opportunities to streamline process, clarify role of consumer voices.*

Identifying priority issues

Stakeholder feedback at AEMC Forum, 26 March 2026

Please choose the most important issue to you (you may choose up to three)



ENA work and initial member priorities

Dominic Adams

Chief Operations Officer – Energy Networks Australia

Energy Networks Australia

AEMC Electricity Network Regulation Review

ENA update for Transgrid Consumer Advisory Group (CAG)

15 June 2026

AEMC approach and timeline update

The AEMC proposes to approach review in two packages, running to Dec 27:

- **Package 1** on service classification running concurrently with EVCI rule changes and
- **Package 2** addressing all remaining issues AEMC has identified in scope

A concurrent Federal DCEEW consultation process appears to have pivoted and is now more likely to focus on connections reform, non network options and Transmission/Distribution 'level playing field' for generation connection.

WHERE THINGS STAND

01

AEMC packages

Package 1 will address key questions around what services we need networks to provide in the future and what should be regulated:

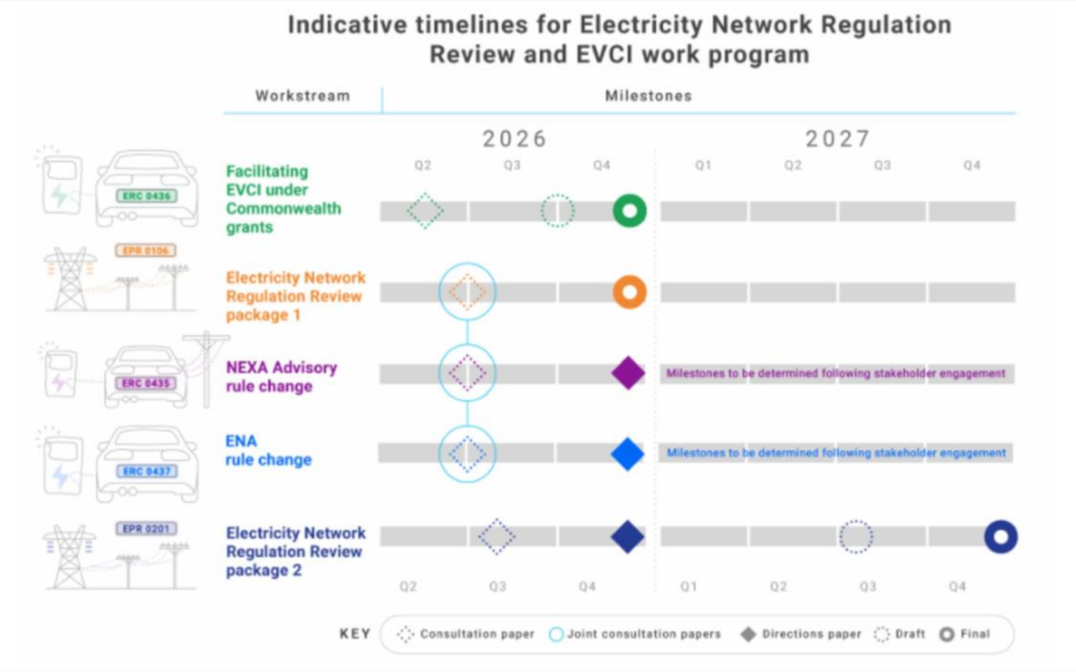
- What is the appropriate scope of monopoly regulation?
- What services that networks provide should be regulated?
- How should competitive neutrality be maintained in contestable markets?

Package 2 will consider key questions around how the economic regulatory framework can support consumer outcomes through efficient processes, risk allocation and compensation arrangements:

- How do we make sure networks deliver those services in the interests of consumers?
- Does the framework support consumer outcomes through the risk-reward package?
- Does the regulatory determination process support positive consumer outcomes?

02

AEMC timelines



ENA approach – staged position development

We will work with our members through a staged approach that builds on work we have already done on Package 2 (e.g. work on uncertainty mechanisms), uses external expert support to help focus views and input and develop deeper technical understanding and clarify views as specific issues emerge in the review.

Build on Package 2 positions already developed

Working group discussions (see principles and priorities over page) and related rule change work provide an initial base for Package 2 engagement.

Engage expert support to sharpen positions at key milestones

External expert support through 8 facilitated workshops would help test, refine and consolidate member positions on Package 1 and Package 2 ahead of key AEMC papers, and post publication to help form clear submission.

Bring in targeted technical input on priority AEMC issues

Targeted technical advice to be commissioned on issues the AEMC advances, such as: Uncertainty mechanisms, TOTEX, Incentives and utilization.

Use broader stakeholder engagement to refine positions

Complement AEMC-led engagement by testing member positions with consumer and industry groups and open dialogue with the regulator as issues develop through the review.

Regulation Review – ENA priorities and principles

ENA's early focus has been on priorities and principles, which are shown here for PSC input and guidance on their suitability and completeness. There will be distinct issues for transmission businesses, whose role is also evolving as the energy system transitions.

Priorities

Flexibility to manage uncertainty and forecasting risk – Greater flexibility to manage rapid change and share risk between networks and customers as financeability pressures rise from uncertain demand, repex and expanding DSO roles.

Stronger incentives aligned to DSO transition and new NSP services – Ex ante incentives remain the most efficient model for NEM networks, but settings must evolve for DSO transition and new NSP services, with stronger, timely incentives for utilisation, non-network options and on-time delivery, without undermining existing CESS signals.

Efficient regulatory processes and stronger consumer voice – Lift process efficiency, embed customer preferences in AER decisions, and accelerate RIT-T assessment and delivery timeframes for major transmission projects.

Clearer contestability boundaries for EVs, batteries and DSO roles – Reviewing DNSP role in EV charging, batteries and DSO. Ring fencing constraints in emerging services need review. Need for clear rules on contestability assessments.

Tariff and non-tariff mechanisms (flexibility markets) - Clarify how flexibility markets and financial tools for managing network constraints should operate within the regulatory framework.

Principles

Holistic future-ready regulatory framework - flexible enough to respond to future challenges without piecemeal fixes.

An investable, financeable framework' – preserves the incentive-based ex ante cost recovery, while ensuring NSPs have the ability to respond to emerging expectations and provides investor certainty.

Practical and usable – simple to operate, proportionate in burden, and workable for all stakeholders.

Clear roles and accountability – distinguishes gaps in the rules from issues in how they are applied.

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FOR DISCUSSION

Package 1 – work stream focus

For Package 1 there will be a need to develop and test clear principles for defining distribution services and the role of contestable markets, including implications for service classification and ring-fencing. Our expectation is that Package 1 will have more of a distribution than a transmission focus.

FIRST STEPS

0 1

Define distribution service principles

As a first step under Package 1, develop a clear, technology-neutral set of principles for identifying what constitutes a 'distribution service' under the National Electricity Rules.

This should include how services provided "in connection with" the distribution system are interpreted in light of evolving network roles, relevant legal precedent, innovation needs and the implications for contestable markets.

0 2

Test principles through case studies

Test and refine principles through case studies such as EV charging infrastructure, distributed batteries and local energy coordination or DSO-type services.

Draw out the implications for service classification (including SCS/ACS/negotiated services), ring-fencing and the appropriate role of regulated versus contestable delivery models, providing a coherent foundation for ENA's engagement with the AEMC on the future scope of distribution services.

0 3

Clarify contestable vs network-led roles

This first step would help develop clearer principles for the role of contestable markets, including when a regulated or coordinated network-led model may better serve consumers, informed by experience with contestable metering and current CER and EV developments.

These principles should guide service classification and ring-fencing, including where competition is likely to deliver efficient, scalable, and equitable outcomes and where coordinated network provision may be more appropriate.

FOR DISCUSSION

ENA led rule changes on transmission issues

ENA has submitted or is close to submitting several rule changes relevant to transmission that are related to the regulatory framework

0 1

Limit circumstances requiring full RIT-Ts

Transmission networks currently spend significant time and effort on RIT-Ts for replacement projects or smaller capital spend projects, for which there are no genuine non-network alternatives, and this takes focus away from critical major greenfield projects.

This rule change proposes to exempt TNSPs from following a full RIT-T for replacement capital expenditure projects if there are no credible non-network alternatives, and to increase the RIT-T threshold from $8 million to exempt relatively lower-cost transmission projects from the RIT-T.

0 2

Cost pass-through for AEMO fees

AEMO NEM participant fees have proven to be volatile and unpredictable. TNSPs have no means to manage or accurately forecast these costs. Including volatile unpredictable and uncontrollable fees in opex, subject to the EBSS, results in poor customer outcomes.

The rule change proposes to allow all AEMO participant fees allocated to TNSPs to be recovered directly from transmission customers via annual transmission price adjustments, rather than through TNSPs’ opex allowances and the EBSS.

0 3

Nominated cost pass-throughs in CPAs

Transmission businesses can nominate cost pass-through events in regulatory determinations, but not in Contingent Project Applications (CPAs). This limits the tools available for risk sharing in major projects.

This rule change proposes to enable the AER to approve a nominated cost pass-through event proposed by a TNSP in a CPA (e.g. for biodiversity costs), provided the event is limited to that contingent project.

FOR DISCUSSION

Thank You

CAG member priorities

Transgrid's approach and priorities

Uncertainty and forecasting risk

Transgrid

Issue

As demand growth becomes uncertain, the lack of flexibility to adjust for unforeseen changes mid-period places additional risk on networks, and therefore additional costs (or risk of unmet supply) on consumers.

Potential solution

Clear treatment for demand forecasting risk within reset periods and the contingent project framework.

Benefits to consumers

Improved flexibility de-risks the demand forecasts and best estimate costs can be submitted. Customers only bear the costs to meet additional demand if it materialises, reducing the level of cost and risk factored into base allowances.

Incentives, including for non-network options

Issue

To ensure consumers pay the lowest cost for the services they need as the role of networks evolves, incentive design must keep pace with the operational and technological realities of the NEM.

Potential solution

Settings that recognise the expanding role - and complexity - of non-network options.

New incentives (e.g. for on-time project delivery; higher network utilisation).

Benefits to consumers

Fit for purpose incentive settings drive timely investment to reduce the full life cycle network costs of enabling the energy transition and/or improve network utilisation, with clear benefits to customers.

Consumer voice in the regulatory process

Transgrid

Issue

Consumers, networks and regulators invest significantly in consumer engagement. Is it clear what success looks like, and how engagement outcomes will be treated by the AER?

Potential solution

Clearer guidance about what is effective, based on experience since ~2013 (AER guidance is currently principles-based).

Benefits to consumers

By enhancing the consumer voice, the balance of system and consumer needs can be better captured in network forecasts and easier for the AER to assess. A simpler assessment process contributes to lower administrative and regulatory burden, reducing costs borne by customers.

RIT-Ts for system security projects

Issue

Projects can be delayed because the RIT-T is designed to determine a very specific need (including location), which can be difficult to establish for region-wide system security projects.

Material changes in circumstance occur repeatedly, restarting the process.

Potential solution

Create a tailored RIT-T pathway for system security needs, reducing delays while maintaining transparency and consumer protections.

Benefits to consumers

A simpler and more timely approval process reduces the level of risk and costs for the project that are recovered by consumers. Required projects are delivered more quickly.

Implementation of reforms for Transgrid

Transgrid

Issue	Potential solution	Benefits to consumers
Transgrid consumers risk waiting until 2033 for any improved incentive and risk management frameworks to take effect (start of RP5).	Establish transitional rules that allow reforms to be adopted during RP4, so consumers benefit as soon as possible.	Timely investment brings forward wholesale market benefits and reduces the full life cycle network costs of enabling the energy transition and/or improve network utilisation, with clear benefits to customers

Key takeouts and next steps

Key takeouts and next steps

- The ENRR is moving slowly but represents a significant opportunity to realign the regulatory framework. Ensuring the Review delivers timely outcomes is imperative.
- Networks need to be highly collaborative on the Review to ensure that it keeps moving and that the priority issues are where the AEMC targets its attention. ENA will play a critical role.
- ToR and a Consultation Paper are expected in June (Package 1) and July (Package 2).
- Transgrid would welcome the opportunity to engage further with any Members who will be actively participating in the ENRR.

Summary, reflections and next steps

Pre-reading materials

Major Projects Update

HumeLink highlights

Image: Transformer travelling from Port Kembla to Maragle

- Telco connectivity – announcement of first community investment booster sites installed in Upper Lachlan Shire and Snowy Valleys.
- Successful installation of the first three transformer units at Maragle substation, and the first reactor at Bannaby substation.
- Stringing commenced on the project on 25 May at Adjungbilly.
- Transgrid's delivery partners have already invested more than $90 million in supply contracts with 348 local and First Nations businesses in the Riverina and Southern Tablelands, supporting local jobs and commercial growth.

HumeLink at a glance

Image: helicopter stringing at Adjungbilly

HumeLink West

- 58 of 365 towers fully erected
- 128 of 365 tower foundations complete
- 287 tower pads complete
- 226 of 322 km access tracks completed

HumeLink East

- 60 of 459 towers erected
- 154 of 459 tower foundations complete
- 294 tower pads complete
- 219 of 333 km access tracks completes

HumeLink, which will connect Snowy 2.0 into the power grid, comprises 365 kilometres of 500 kV overhead transmission lines linking Maragle with Wagga Wagga and Bannaby, two new substations and two others that are being upgraded.

Major Projects Update

EnergyConnect highlights

- Regional stakeholders from community, industry and local government recently joined the project team at the new Dinawan substation to celebrate the completion of construction
- Transgrid and its delivery partner have invested $300.6 million in supply contracts with 351 local and First Nations businesses
- The 540km stage 2 (Buronga to Wagga Wagga) will now undergo detailed testing and commissioning before AEMO can begin its inter-network testing to confirm the reliability and performance of the new infrastructure.

EnergyConnect at a glance

- 700km of new transmission lines
- More than 1,500 towers and over 10,000km of high-voltage conductor.
- Sees one of the biggest and most advanced substations in the Southern Hemisphere at Buronga
- New world-class substation at Bundure
- Major expansion of the existing substation at Wagga Wagga.
- Completion of the Dinawan substation at Bundure in March was the final part of project construction.

EnergyConnect is Australia's largest electricity transmission project with 1,508 towers comprising 220kV, 330kV and 500kV structures, spanning 700km from Wagga Wagga to the South Australian border with connection to Victoria.

Major Projects Update

VNI West highlights

- Engagement with EnergyCo and the AER continues for the development of the South West RNIP.
- EnergyCo and Transgrid are progressing the key commercial principles within the Project Development Deed (PDD) to cover the development phase, excluding development activities already funded under CPA1. The PDD is anticipated to be finalised by mid June 2026.
- EIS Amendment Report and Submissions Report in progress; anticipate lodgement to NSW Department of Planning, Housing & Infrastructure in July 2026.

Transgrid is delivering the NSW section of VNI West, a 500 kV double-circuit overhead transmission line to connect the electricity grids in NSW and Victoria, unlocking more affordable and cleaner renewable energy for millions of consumers.

Major Projects Update

Hunter Transmission Project (HTP) highlights

- Final draft Conditions of Approval were issued by DPHI on 29 May 2026, following EnergyCo's submission of the remaining information required by DPHI.
- EnergyCo's program shows NSW planning approval expected in early June, with Commonwealth approval expected on 12 July.
- Transgrid continues to support EnergyCo with landowner meetings for Property Management Plans.
- Transgrid supported EnergyCo at community pop-ups along the alignment, reaching over 600 people over two weeks.

Hunter Transmission Project (HTP) is a new overhead 500kV transmission line spanning around 100 kilometres between Bayswater in the Upper Hunter and Olney in the Lower Hunter.