



How we're planning for the future: Transgrid and the next five years

September 2026



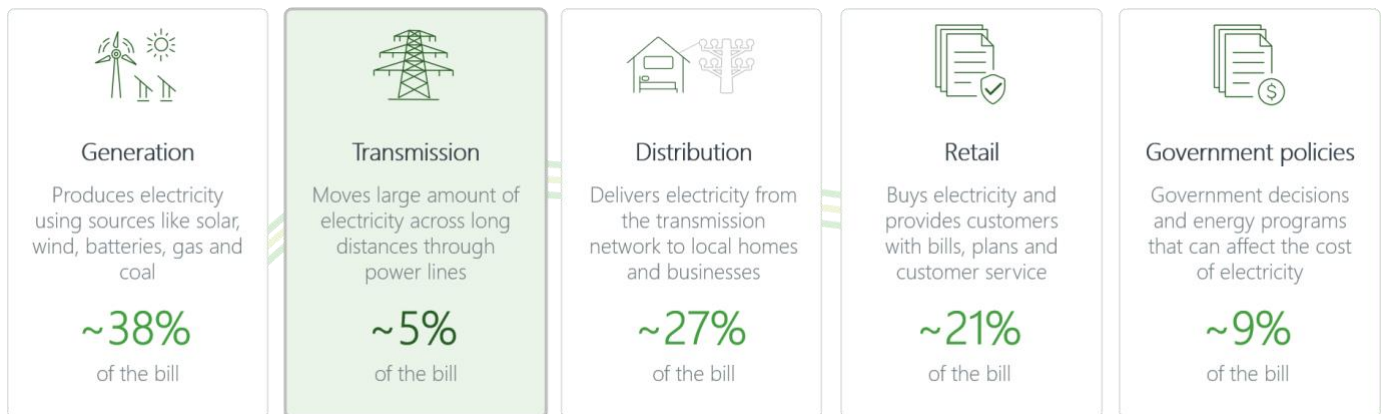
What we do

Transgrid is responsible for the large steel electricity towers and high-voltage powerlines that move electricity across NSW and the ACT. We don't generate power and you don't get a bill from us. We move it from where it's made (a wind farm, a solar farm, or a power station) to your local poles and wires network. So, we're a bit like the electricity highway that carries power over long distances before local poles and wires take it the final stretch to homes and businesses.

We are planning the electricity network of the future. It's our job to make sure there's enough room in our network to move electricity from where it's generated to the people or businesses who need it, at the time when they do.

While we don't sell electricity directly to consumers, the decisions we make about our part of the network affect your power supply and what you pay on your bill. In Figure 1, you can see the different components that make up the electricity bill consumers receive each quarter.

Figure 1: The different parts the electricity supply chain that make up a typical residential bill.



Developing our future plans

It's important that all consumers have a say in our future plans. We also can't simply decide how much to spend, or charge consumers. An independent regulator (the Australian Energy Regulator, or AER) reviews our plans and determines how much revenue we're allowed to recover from customers, acting as a check to ensure spending is justified and efficient.

We're currently developing our plan for 2028 to 2033 which we will submit to the AER for review in January 2027. As part of that process, we've brought together experts and customer advocates and are spending over 100 hours with them stress-testing our plans. We've also run a Consumer Panel of over 40 residential customers and small business owners to understand their priorities, in addition to feedback received through day-to-day engagement with landholders in the communities where we operate, large energy users like big manufacturers or data centres, and electricity generators.

This document is our Draft Plan – our initial response to the feedback we have received and our forecasts for the 2028 to 2033 period. We are publishing this Draft Plan to seek additional feedback so that we can test, refine and finalise our forecasts and proposal to the AER.

How the electricity system is changing

Electricity underpins almost everything we do, and the industry is changing fast. A decade ago, only 85% of NSW's power came from a handful of large coal power stations. We have now transitioned to 40% renewable generation sources like wind and solar. In less than 10 years, more than 90% is expected to come from renewable generators spread across many smaller sites. Over one million homes already have rooftop solar; that's expected to double by 2035.

This is good for the environment, but it changes how the electricity system has to work. Power now comes from many different directions instead of just a few. Future demand can be hard to predict, and new large consumers like data centres are appearing on our network for the first time.

At the same time, many people are genuinely struggling with cost of living, and not everyone can afford solar or batteries. Whatever changes we make, the system has to stay fair and affordable for everyone, not just those who can invest in new technology.

The three things we have to get right to respond to these changes

Keeping the network safe, reliable and secure

Much of our equipment was built decades ago. As it ages, the risk of failure rises – we have seen increasing asset defects over the last 5 years. We're also facing more extreme weather and cyber threats, with AI phishing attacks increasing 1200% since 2022. We'll use our existing equipment as smartly as we can, but some new investment will be needed to keep the network operating the way you expect.

Enabling a system powered by more renewables

As coal power stations close, we lose something you can't see but that matters a lot: stability. It's a bit like a road system built for a small number of steady trucks now having to handle thousands of lighter vehicles travelling in many directions – the roads themselves need updating to cope. We're expecting a 44% increase in renewables from today to 2033 so keeping the system steady is a growing focus.

Keeping up with new and changing demand

More people, more electric appliances and electric vehicles, and new large consumers like data centres all mean more pressure on parts of the network. We are expecting around 6 times as much demand growth over the 2028-33 period – 3 GW compared to 0.5 GW during the current 2023-28 period. This demand could help share energy costs among more bill payers, ultimately lowering prices. But these forecasts are uncertain. We are testing them with both our own and independent analysis and sources to ensure they're reasonable. When we think increased demand will eventuate, we will look for cheaper ways to get what we need done and use spare capacity before building anything new. We will also carefully consider who should pay for any investment in the network.

What is shaping our plans

In investing in these priorities, we must carefully test the need, timing and scope of our plans. To do this well we must:

Understand and balance the interests of NSW and ACT electricity consumers

Consumers fund the cost of our investments and so must be provided the opportunity to actively participate in the design and delivery of our plans. We are therefore engaging more broadly and frequently. This includes holding several sessions with a panel of over 40 end use consumers, spending over 100 hours engaging expert consumer advocates over the last year and interviewing several industry participants to understand their needs and expectations. In doing so, we are working to provide a clearer view of total bill impacts, our future plans and how this feedback is shaping the decisions we make.

Deliver the best value for money

Every dollar we spend ultimately lands on your bill, so we must treat it carefully. This is a challenge with the costs of our materials (like cables and electrical equipment) increasing at two to three times faster than inflation over the last 5 years. We have learned from recent experiences and are doing our best to deliver projects on time and on budget, avoiding duplication, deferring or dropping work where we can and sharing equipment and resources across projects instead of buying new. Our aim is to only ask you to pay for something extra when it's genuinely needed, not just because it would be convenient for us.

Based on what we've heard from consumers so far about cost-of-living pressures, we have already significantly reduced our proposal by delaying, removing or rethinking projects that aren't essential.



So, how are bills changing?

In responding to these priorities, we are forecasting an increase in spend for 2028 to 2033 compared to our current period (2023 to 2028) of 80% for capital spend and 35% for operating spend. However, demand is also expected to grow strongly, with energy consumption forecast to increase by 26%. This means the cost of the network will be spread across more electricity use, helping to reduce the average cost for consumers.

As a result, the costs associated with this Draft Plan are not expected to increase the transmission component of bills. Instead, we expect that the transmission component of residential bills will be around \$2 lower a year, and around \$6 lower for small businesses, on average over the 2028 to 2033 period compared with the final year of the current period, 2027-28.

These bill impacts are estimated based on the AER's Default Market Offer (DMO) and the weighted average residential (consuming 4,360 kWh per annum) and small business consumers (consuming 10,000 kWh per annum) across the NSW distribution networks. Your actual bill will differ based on how much energy you use, whether you own solar or an EV, how your distributor and retailer allocate our costs across their customers and of course how the remaining components of your bill change over time.

These bill impacts are also separate from the transmission bill impacts of several major transmission projects already being delivered to support the broader energy transition, which will increase transmission charges over the remainder of the current period. They are being delivered consistent with the Australian Energy Market Operator's (AEMO) Integrated System Plan (ISP), which identifies the lowest cost pathway for the development of the electricity system. While increasing the transmission component of bills, they will provide broader benefits by providing access to lower-cost generation as coal-fired power stations close.

Figure 2 Indicative bill impacts – Transmission component of residential bill (\$m, Real 2027-28)

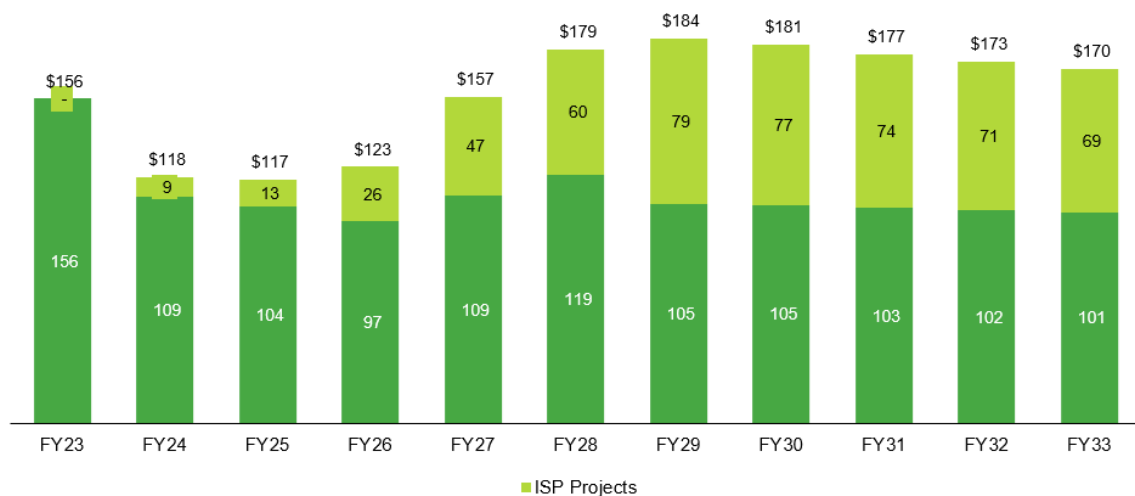
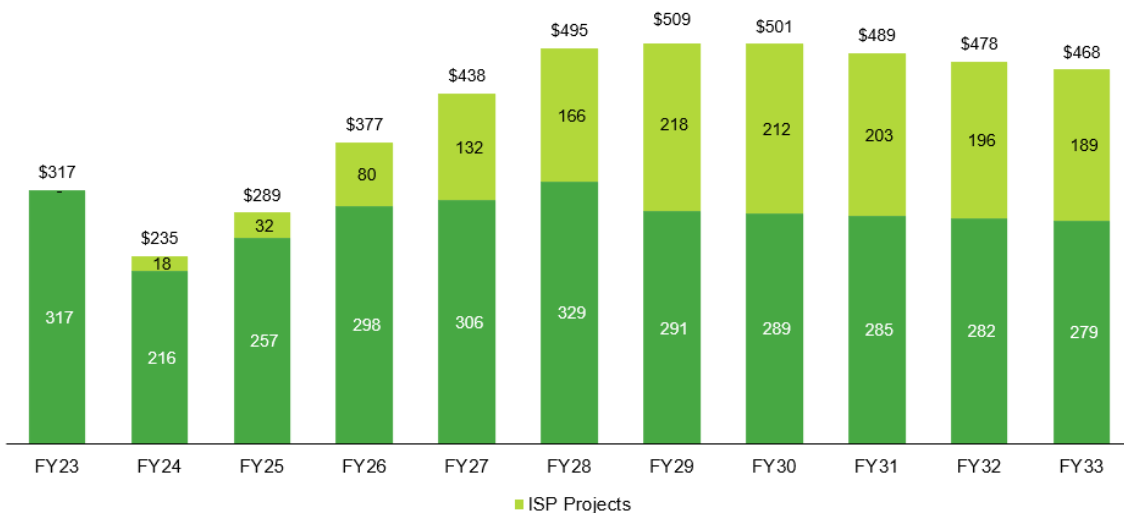


Figure 3 Indicative bill impacts – Transgrid component of small business bill (\$m, Real 2027-28)



What other bill changes should customers expect?

The \$2 on average reduction for residential customers and \$6 average reduction for small businesses described above relates to the transmission share of your bill under this Draft Plan. It doesn't include other major transition-related projects that Transgrid must help deliver as directed by federal government policy or initiatives from the NSW state government which involve a mixture of funding new generation and new transmission lines in renewable energy zones. It also does not include reforms that are currently under consideration to change the way our costs are allocated to data centres.

We are proposing to implement changes to how we charge data centres connected to our network, so that the other customers are not left paying for network capacity that is built but not used. We think this initiative could reduce the residential bill impact noted above by a further \$7. The NSW and Federal Governments are also considering changes to how data centres fund the cost associated with their connections. We are engaging closely on these reforms which may result in further changes to the bill outcomes over 2028-33.

What happens next?

We're sharing this before we submit our final plan to the AER, so you have a genuine chance to test it, challenge it, and tell us where you think we've got it wrong. Your feedback will directly shape what we submit to the AER by 31 January 2027.





Contact details

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