Consumer Advisory Group
Quarterly meeting



Tuesday 6 October 2026

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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.



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Introducing today's presenters



Brett Redman
Chief Executive Officer



Meeting Chair

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



Nicole Ryan
General Manager Strategic Advocacy, Government & Legacy



Rupert Doney
Head of Energy Policy



Ruth Lavery
RP4 Consumer Working Group Independent Chair



Struan Wilson
Program Director, Hunter Transmission Project



Daniel Banovic
Program Director, Major Projects



Arkady Karamyan
Project Controls Director, Hunter Transmission Project

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Agenda

Light lunch available from 12.00pm in the Tuggerah Room

Item	Time	Topic	Engagement objective	Presenters
1	9.00am	Acknowledgment of Country and introductions (5 mins)		Chair – Maryanne Graham, EGM Corporate Affairs, Stakeholder Engagement & Environment
2	9.05am	Recap and actions from last CAG meeting (5 mins)	Consult	Chair – Maryanne Graham, EGM Corporate Affairs, Stakeholder Engagement & Environment
3	9.10am	In conversation with the CEO (35 mins)	Discussion	Brett Redman, CEO
Energy policy and strategy				
4	9.45am	Policy engagement (30 mins) • Data Centre policy • AEMC Electricity Network Regulation Review	Inform CAG of positions in our submission	Rupert Doney, Head of Policy
	10.15am	*Morning tea break (10 mins)*		
Revenue proposals				
5	10.25am	RP4 Consumer Working Group (CWG) Chair update (10 mins)	Inform of progress and status	Ruth Lavery, Independent Chair, RP4 CWG
6	10.35am	Revenue Proposals • Hunter Transmission Project (HTP) (45 mins) • SW REZ Project (30 mins)	• Inform on risk allowance • Inform/consult on risk treatments	Struan Wilson, Program Director – HTP Arkady Karamyan, Project Controls Director - HTP Daniel Banovic, Program Director, Major Projects
7	11.50am	Reflections and actions, next meeting agenda (10 mins)	Consult	Nicole Ryan, General Manager of Strategic Advocacy, Government and Legacy
	12.00pm	Close		

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Recap of last CAG meeting

What we heard at CAG meeting #6, 3 September

Energy policy and strategy

- PEC Social Value Report: members saw strong potential in the report and generally supported it as an accountability mechanism. Some members suggested greater emphasis on career pathways and transferable skills. There was constructive challenge on opportunity costs, project impacts and enduring benefits post construction. Some members suggested independent review and comparison was necessary to maximise the report as a meaningful accountability tool, particularly for audiences who may be less supportive of the project.
- Data centres – network costs: members generally considered the network cost reforms to be well addressed, and consumers reasonably protected. There was some concern that the $30,000/MW bond may be set too low to deter speculative applications and clarification sought on major network upgrade fees.
- Data centres – energy and location: members flagged energy supply and firming as critical issues to resolve if data centre projects proceed as anticipated. Members encouraged coordination on siting to minimise system costs and stranded asset risks.

Revenue proposals

- HTP:

- social licence: drawing on Victorian experiences, members flagged social licence risks from fragmented responsibilities and encouraged escalation with EnergyCo so communities have a clear front door to the project.

- community co-design: members were realistic about how much co-design is possible given the project's advanced stage and encouraged clear framing to manage realistic expectations.

– cost versus outcomes: members focused on whether the spend works rather than how it is structured, looking for "impact for money" and a baseline that signals more funding is available, subject to prudency and efficiency.

– cost recovery: members converged on option 2, citing the HCC REZ precedent where a 1–2% allowance plus a later co-designed fund was approved - the principle holds regardless of scale, with cost discipline maintained.

- VNI West: members were interested in early works expenditure on Stage 1 and its exposure if Stage 2 does not proceed and welcomed a further update in October.

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Action items

Actions arising from CAG meeting #6, 3 September

Meeting date	Action item	Status
3 September 2026	Revise the wording of Transgrid's principles for engaging on EII Act projects to clarify that technical or regulatory matters are not automatically excluded from CAG consideration where they have consumer value or impact implications. The principles should support prioritisation and guide the most appropriate level and form of CAG engagement.	Transgrid has updated the relevant wording in the engagement principles.
3 September 2026	Consider how optional CAG member pre-meetings could be used for sensitive or significant issues.	Ongoing – Transgrid to support CAG members to hold optional CAG member only pre-meetings as needed.
3 September 2026	Arrange a CAG briefing on the NSW data centre reforms before Transgrid finalises its submission, where timing allows.	Complete – Held on September 10.
3 September 2026	Update CAG members on Transgrid's proposed approach to the AER PECR preliminary position before submissions close, if further engagement is required.	Transgrid to consider the appropriate update or engagement approach.

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Action items

Actions arising from the additional CAG meeting on data centre policy, 10 September

Meeting date	Action item	Status
10 September 2026	Reflect CAG feedback on the NSW Government data centre reform proposals in Transgrid's submission, including treatment of Electricity Infrastructure Fund contributions, bank guarantees and distribution-level augmentation brought forward by data centre connections.	Complete- CAG feedback reflected in Transgrid's submission.
10 September 2026	Further develop and clarify the operating model for demand-flexibility obligations, take-or-pay arrangements and related enforcement, including how obligations apply to different data centre operating profiles and how flexible capacity commitments are recognised.	Pending further policy and operating model development.
10 September 2026	Further refine RP4 bill impact scenario modelling and supporting narrative, covering interactions between data centre demand, contingent projects, take-or-pay, cause-or-pay and all-projects scenarios, and amend language to acknowledge billing outcomes will vary.	Being refined so drivers and impacts are clear in the Draft Plan, recognising individual outcomes may differ from the modelled average.

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In conversation with the CEO



Policy Engagement

Data Centre Policy

Objectives of Engagement:

- To provide an overview of final positions in Transgrid's submission to the NSW data centre consultation
- To provide an update on current/future data centre policy workstreams

Context:

- The NSW data centre consultation closed on 14 Sept. Transgrid's submission reflected CAG feedback.
- A broader package of reforms on data centres is being progressed by the AEMC at a national level.



Rupert Doney
Head of Energy Policy

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Overview of NSW data centre reforms and Transgrid positions

Transgrid is generally supportive of proposed data centre reforms, with some recommended adjustments

Topic	Proposal	Transgrid position
Network connection and planning	Proposal 1. Entry bond for connection applications - $30,000 per MW	• Supportive. Practical to adopt a milestone or criteria-based approach like that set out in Transgrid's Network Capacity Allocation Policy (NCAP) as a way of assessing readiness and where abond may be forfeited.
	Proposal 2. Share info on prospective and existing data centres with NSPS, AEMO, AER, EnCo	• Generally supportive though nature of required information can be commercially sensitive – mechanism need to deidentify/third-party to manage information exchange.
	Proposal 3. NSP to develop, share load forecasts	• Existing monthly non-prescribed joint planning meetings with DNSP for generator connections could be extended to cover data centre connections.
	Proposal 4 – NCAs to incorporate demand profiles and conditions for capacity to be adjusted	• Existing arrangements include max forecasts and mechanism to notify of any changes. Further consideration of conditions that lead to a reduction in capacity required.
NSW DC Guideline – implementation	Proposal 9. Offset demand with new, firmed supply	• Encouraged further consideration of whether NSPs utilising connection agreements to enforce compliance with renewable energy procurement or firming obligations is appropriate.
	Proposal 10. Requirements for demand flex -25%	• Support in principle. It is complex issue that requires further detailed consideration before being embedded in regulation or standard connection agreements.

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Overview of NSW data centre reforms and Transgrid positions

Transgrid is generally supportive of proposed data centre reforms, with some recommended adjustments

Topic	Proposal	Transgrid position
Cost allocation and recovery	Proposal 5. Dx data centres payment of upstream costs	• Extend provision in Rule 5.3AA for DNSPs to negotiate the charges they will pay for tx augmentations to large loads.
	Proposal 6. TOP principle for network capacity	• Support minimum charges backed by a guarantee. • The prudential arrangements contemplated through the NSW Government reforms can complement, rather than substitute for, implementation TOP through the Pricing Methodology
	Proposal 7. Major network upgrade fee $200,000/MW	• Need clarity on how the fee would be used by the EIF is necessary, including confirmation of whether the fee is distinct from any separately negotiated connection and augmentation charges, including those contemplated under Proposal 5 and other augmentation contributions that may be negotiated as part of a connection process.
	Proposal 8. Tx connected DCs contribute to jurisdictional schemes	• Supportive. The rationale is essentially beneficiary pays: data centres benefit from the clean, reliable and secure electricity system those schemes help create, so they shouldn't be exempt from contributing to their cost.

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Overview of national reform package

Focus area	*Workstream*	*Policy Objective*	*Implementation Pathway*	*Next Milestone*
Overarching Framework	1 Australian AI Standards	Nationally consistent rules for AI development and deployment, including min. obligations for data centres (energy, water, safety and location).	Cth Legislation	Office of AI released consultation paper on 17 Sep. Submissions due 5pm Friday 9 Oct
Cost recovery	2 Network cost recovery	Data centres fully fund network costs resulting from connection and not socialised across customer base.	NER	Cth RCR Package 1 & 2 with several detailed elements published by AEMC on 5 Aug (ERC0448). May be a separate or consolidated process. Consultation Paper expected by 29 Oct
	3 Connection policies and charges	Strengthen the "causer pays" principle at distribution level and consider whether comparable guidance should be developed for Tx.	NER/AER Guidelines	AER Review to commence with issues paper anticipated September.

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Overview of national reform package

Focus area	*Workstream*		*Policy Objective*	*Implementation Pathway*	*Next Milestone*
AEMC Advice to ECMC	4	Connection process	Improve the connection process to incentivise and better realise system benefits from co-location and demand flexibility.	NER	DCCEEW developing RCR to be lodged by 30 Sep
	5	Firming	Secure sufficient firmed capacity such as through PPAs, batteries or demand flexibility.	NEL/NER leveraging RRO architecture in NEL	DCCEEW developing RCR to be lodged by 30 Sep
	6	Market Registration	Improve visibility of data centre energy use for forecasting and grid integration. Provides options for requirements to be placed on data centres and supporting voluntary market participation.	NER	Office of AI to release consultation paper shortly
	7	New Renewable Investment	Offset consumption with new renewable energy using REGO certificates (or stated-owned power if cheaper)	Amendments to existing Cth legislation (e.g., Future made in Australia (Guarantee of Origin) Act 2024) or NEL and NER alone	Considered as part of AEMO's 'Operational integration and visibility of large inverter-based loads (LIBL) rule change request' process (ERC0455) published 22 Jul, awaiting initiation.
Technical	8	System security	Minimise LIBL (e.g., data centres ≥30 MW) system impacts by setting technical standards with proportionate obligations, including disturbance ride-through standards.	NER	NEM Access Standards Package 2 Draft Determination 12 Mar, submissions closed 7 May, final determination 29 Oct
Reporting	9	Transparency	Transparency of data centre energy use/GHG emissions through NGERs reporting	Legislative amendments	?

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Policy Engagement

AEMC Electricity Network Regulation Review

Objectives of Engagement:

- To provide an overview of final positions in Transgrid's submission to the AEMC's ENRR – Package 2 consultation

Context:

- Transgrid made a submission to the ENRR Package 2 consultation on 24 September



Rupert Doney
Head of Energy Policy

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AEMC Electricity Network Regulation Review

Transgrid's key positions



Unprecedented scale and complexity of transmission investment challenges the existing framework and creates **investability issues** for major projects in particular.



The existing ex-ante framework remains suitable, though there is a need for mid-period adjustment mechanisms and targeted changes to support **flexibility in the framework**.



Changes are needed to support NSPs' ability to **manage risk associated with investing in non-network options** (NNOs), innovation funding can play a role in de-risking the adoption of NNOs.



Customer engagement has clearly improved the quality and focus of our regulatory proposals. However, the influence of our customer engagement on determination outcomes is less apparent. Practical reforms are needed to clarify the role of customer engagement in regulatory decision making.



Transitional arrangements are necessary to ensure customers of all networks benefit from reforms. The review is scheduled to take 24 months in total. Final recommendations are expected in late 2027, with any rule changes to follow, adding a further 12-18 months.

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Morning Tea Break



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Revenue Proposals

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Principles for engagement

Listening to your feedback on how we can help support prioritisation, and guide the level and form of engagement

1 Transgrid's approach to engagement

Engagement on each project will be tailored to:

- Recognise the **diverse cohort of consumers**, including commercial, industrial, households, renters, landowners and culturally diverse consumers
- Focus on issues where **consumer perspectives can add value**
- Distinguish issues that are **technical or require regulatory scrutiny, without excluding from consideration where there is consumer value or impact**
- Involve **relevant stakeholders** including the Infrastructure Planner

2 Setting the scope of engagement

Transgrid and the CAG will discuss and aim to agree, as early as possible, **the scope and priorities for engagement.**

Further, **Transgrid will assess and consult with AER staff, as early as possible, on confidentiality and disclosure claims**, to help define the scope and priorities for engagement with the CAG.

3 Facilitating meaningful input

Transgrid should **identify material issues** for discussion with CAG and share suitable information to facilitate engagement on:

- New or novel issues or adjustment mechanisms
- Departures from AER guidance or from Transgrid's previous approach, including lessons learned from previous projects

To the extent possible, discussions with AER staff will be undertaken to gather their views on material issues.

4 Evolving considerations

Transgrid should aim to identify, as soon as practicable, **if the scope of engagement changes**, eg. contestable scope items become non-contestable. Transgrid will provide **clear, accessible explanations** on how government decisions impact project costs, risks and delivery timelines.

5 Outcomes

Transgrid should aim to **address issues or concerns raised** by CAG either as part of its regulatory submission, directly with the CAG, or through an appropriate referral to a third-party with control over the issue or concern.

To the extent possible, Transgrid will clearly identify issues or concerns of CAG to provide the **AER an opportunity to acknowledge or address.**

Transgrid will identify and share **lessons learned** and continuously improve feedback processes, inviting CAG's input on identifying areas for improvement.

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Cumulative lessons learned

Transparency

Early lodgement by Transgrid of non-disclosure claims (where possible) assists the AER to review claims quickly as possible. These claims should be minimised to the greatest extent possible to support transparency and open consultation.

Duplication

Clear evidence and support should be provided as part of Transgrid's application to establish there is no duplication for risks between base allowance, risk costs, provisional sums and adjustment events.

Risk Costs

Risk costs should be determined on a probabilistic basis with a P50 value and supported through Monte Carlo analysis.

CESS

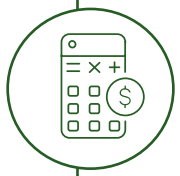
The starting position should be that matters substantially within Transgrid's control should be covered by the base risk cost allowances. CESS could therefore be appropriate to these elements noting however the interplay between the risks and regimes will influence the broader application of CESS

Pre-Period Capex

There is a high evidentiary bar to recovery of pre-period capex over which is included in IP fees.

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Cumulative lessons learned



Financeability

Financeability assessment should include realistic Capex recovery/CESS penalty scenarios and be consistent with CEFC's 'do no harm' clause



Timing of Infrastructure Planner Fee Payments

IP Fees should be recovered in the year Transgrid is contractually obliged to make the payment.



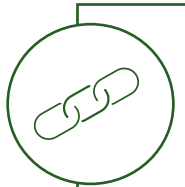
Adjustment Events – non-automatic adjustments

As a general rule, non-automatic adjustment events should only apply to low probability high impact events.



Adjustment Events – non-contestable adjustments

For non-contestable adjustments, the AER should review the prudency, efficiency and reasonableness of the adjustment claim.

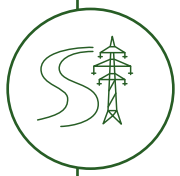


Adjustment Events

Consideration should be given to whether adjustment events should be subject to disclosed caps or sunset mechanisms and whether forecasting uncertainty is appropriately managed by a mechanism other than an adjustment (i.e. remaking a revenue determination)

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Cumulative lessons learned



Governance and Responsibilities

Clear governance roles and responsibilities across Roadmap entities is important to allow CAG to determine where it can have the most influence and understand scope and risk allocation



Cost Recovery

Sufficient detail on cost recovery and timing of recovery should be provided to clearly establish no double recovery under the EII Act and the NER.

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Revenue Proposals

Hunter Transmission Project

Objectives of Engagement:

- To inform the CAG of Transgrid's approach to risk identification which aligns to AER guidelines
- To inform the CAG of the risks retained by Transgrid that will drive the risk allowance, and discuss EnergyCo's proposal for an Independent Assessor

Context:

- Transgrid risk allowance will form part of the HTP Revenue Proposal for consideration by the AER
- EnergyCo has proposed including a new Independent Assessor to determine claims



Struan Wilson
Program Director, Hunter Transmission Project



Arkady Karamyan
Project Controls Director, Hunter Transmission Project

Click here for the project update and additional background materials

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Aligning our approach to forecasting risk allowance with AER Guidance

The AER's Guidance requires capex forecast risk allowance to be comprehensively and transparently identified and costed.

This includes:

- risk identification
- risk cost assessment (estimating the potential cost impacts, likelihood of occurrence, consequential costs and any mitigation or management strategies).



Guidance Note, Regulation of actionable ISP projects (March 2021)

The AER will not provide a risk allowance for:

- **risks that are under our control** (e.g. delays in internal procurement processes, incomplete or late Network Operator requirements)
- **risks that are normally be managed by the network operator as BAU** across its overall portfolio of projects (e.g. prolonged review and approval timeframes, changes to internal standards, or technical requirements)
- **risks held by other parties** - covered by contract terms, contractual entitlements or adjustment mechanisms
- **risks transferred to others** – can be insured (e.g. fire or theft), or costs that are reasonably recoverable from third parties

AER Guidance considers a probabilistic P50 confidence level as most appropriate for a risk allowance.

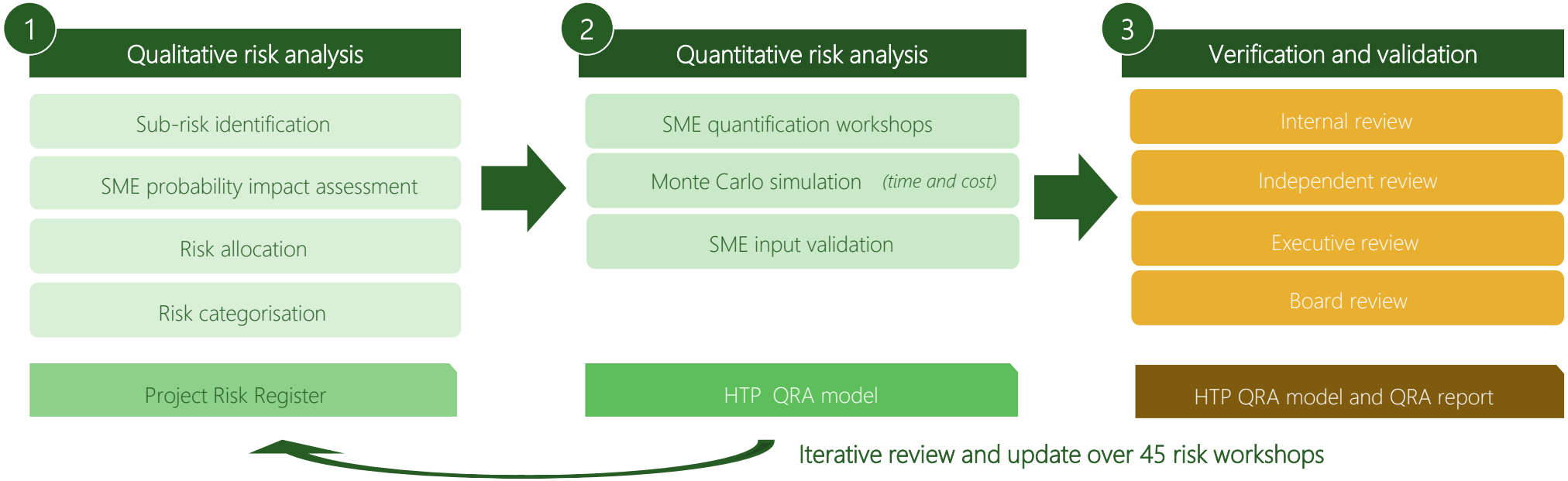
✓ This means risks are shared equally between Transgrid and consumers

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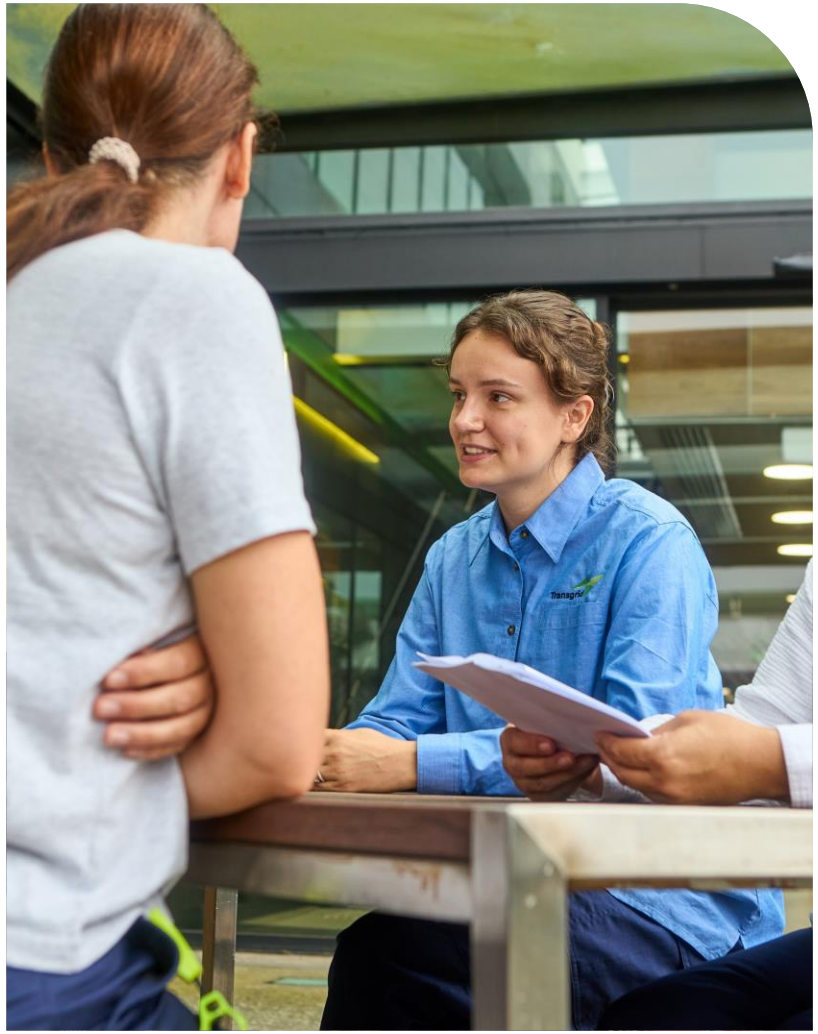
Recap: Approach to forecasting Transgrid risk allowance

18 residual risks retained by Transgrid following an iterative risk analysis process

- ✓ Methodology aligned with:
  - ✓ Transgrid's established risk management framework and industry best practice – first principles approach with 3-point estimate.
  - ✓ AER guidance- 'Regulation of actionable ISP projects, Guidance Note' (March 2021)
- ✓ Ensured risk allowance is not captured in base cost estimate, allocated through contractual arrangements or addressed through regulatory adjustment mechanisms
- ✓ Informed by **benchmarking and lessons learned from comparable transmission projects**, including HumeLink and PEC
- ✓ Enhanced the robustness of risk modelling through additional iteration and validation of inputs
- ✓ Engaged external risk expert (KPMG) to support risk quantification process



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Transgrid is working with EnergyCo through the procurement process to reduce these exposures, including by testing the robustness of tenderer programmes, delivery methodologies and associated risk positions.

Key considerations and risk cost drivers

Transgrid will be in a position to confirm the proposed Risk Cost Allowance following the finalisation of the D&C and Delivery Contracts, including confirmation of:

- Risk allocation reflected in the D&C contracts
- Preferred tenderer combination and their impact on the overall risk profile.
- Delivery and staging methodologies

The following risks are currently the most material contributors to the risk cost allowance, with further work underway to reduce the associated exposure.

- Contractor retained risk (Transgrid prolongation impacts)
- Cancellation of outages
- Staging methodology and interface coordination
- Market resource constraints

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Top 8 risks account for over 99% of Transgrid's risk allowance

Risk	Mitigations
Delay in obtaining secondary approvals due to misaligned staging assumptions	• Targeted review of tenderer programmes to stress-test staging proposals and secondary approval timeframes and assumptions (consistent with actual durations experienced on HumeLink). • Approvals / staging strategy refined for HTP to ensure some works can proceed prior to secondary approvals (Lesson from HumeLink) • Early engagement of an Environmental Representative to streamline scoping of delivery staging report and endorsement
Delays and contractor claims due to **cancellation of outages** (excludes AEMO relates) (TL and SS)	• Staging diagrams developed to minimise outage requirements. • Contingency outages will be booked (leveraging lessons learned from market)
D&C contractor residual risk resulting in **extending delivery period** and inability to cover substantive Transgrid cost	• Feasibility and suitability of program evaluated as part of D&C tender process • Compliant program required prior to D&C contract execution
Increased costs and delay due to **market resource constraints** e.g. commissioning and engineering/design resources	• Delivery transition outlines the resourcing requirements • Integrated project resource planning with HR to support workforce availability across the portfolio • Labour hire resources through supplier panels as required

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Top 8 risks account for over 99% of Transgrid's risk allowance

Risk	Mitigations
Delays and contractor claims due to **contractor interfaces issues**	• Interface Deed establishes contractor coordination obligations and includes LDs • Review of tenderer designs to confirm interface alignment prior to award • Contractors including contingency against interface milestones
Cost increase due to escalation – Labour, non-labour costs, Employer-Supplied equipment	• Supplier agreements incorporates certain level of risk transfer for escalation to supplier
Delays in receiving council approvals – accommodation, and local services (camps, access roads, utilities)	• Assess Tenderer camp requirements to identify gaps • Establish early engagement and strong relationship with councils to align on the requirements and avoid disruptions
Additional landowner management and property rehabilitation requirements for OPGW Works to minimise disruption and maintain social licence.	• Commenced active engagement and relationship building with freehold Landholders • Review of PMPs (led by EnergyCo) and highlights any missing potential requirements

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EnergyCo's proposal for an Independent Assessor

EnergyCo has proposed a new independent party that reviews and determines contestable and non-contestable adjustment claims before consumers pay for them.

EnergyCo's proposal	• Procured by EnergyCo and jointly engaged by EnergyCo, Transgrid and the D&C contractors. • Obliged to act independently of all parties, and makes binding decisions • Costs are paid by EnergyCo and passed on as an Infrastructure Planner fee – ultimately paid by consumers
Purpose	• EnergyCo's intention: to provide an increased level of confidence for the AER that contestable D&C adjustment mechanisms produce efficient outcomes for consumers. • One assessor across both layers keeps the downstream and upstream entitlement consistent as well any corresponding revenue adjustment – consistent with the requirements in both the D&C and Delivery Contracts and reflecting the contestable component

Transgrid is working with EnergyCo to negotiate and document the IA's role and responsibilities.

For discussion:
What are your thoughts and feedback on the Independent Assessor proposal?

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Revenue Proposals

VNI West Stage 1 - SWRNIP

Objectives of Engagement:

- Provide an update on SW RNIP's status, key milestones and next steps.
- Outline how Transgrid has identified risks for this project and implemented lessons learnt
- Consult on the proposed allocation of the material risk costs between contractors, Transgrid and consumers

Context:

- SW RNIP is a conventional, brownfield project, giving Transgrid greater control over delivery risks compared to some other projects delivered via the EII Act framework
- Competitive procurement is underway and will help determine the final allocation of costs and risks between contractors, Transgrid and consumers.



Daniel Banovic
Program Director, Major Projects

Click here for the project update and additional background materials

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Forward plan for South West RNIP CAG engagement

We will consult with the CAG at key points to help frame our proposal prior to submission in April 2027

Proposed Engagement Topics

Today's topics:

Risk & Assurance

- Risk allowance
- Adjustment mechanisms

Cost & Consumer Value (1)

- CT Authorisation
- RFT update
- Social Licence

Cost & Consumer Value (2)

- CAPEX and OPEX overview
- Value for money
- Benchmarking

Revenue Proposal Validation

- CAG engagement outcomes
- Draft revenue proposal
- Financeability
- Final risk and cost position

For discussion:
Would the CAG prefer to hear from us on other topics?

Project Milestones

Oct 2026

- RfT Submissions
- Adjustment Mech Review
- CT Authorisation executed

Nov 2026

- EIS NSW Approval
- RfT re-pricing and Evaluation

Dec 2026

- EIS Commonwealth Approval

Jan - Feb 2027

- Final Investment Decision
- Project Deed execution
- RfT Final re-pricing and Evaluation

Mar - April 2027

- D&C execution
- Genuine & Appropriate assessment by AER
- Submit revenue proposal

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How are risk costs recovered?

Risks sit with the party best placed to manage them, limiting consumer exposure.

Category	Cost allocation	Cost recovery pathway	Description	CAG's role
Reg Adjustments	Recoverable	1 Contestable Adjustment Mechanism	Validated per contractual arrangements: consumers pay only what materialises	Consult
	Recoverable	2 Non- Contestable Adjustment Mechanism	Subject to AER prudency and efficiency test; consumers pay only what materialises	Consult
TG Contingency	Held - Residual	3 TG Risk Allowance	Recovered via risk allowance proposed in Revenue Proposal Overspend is subject to CESS	Consult
TG Escalation TG Base Cost	Recoverable	4 TG Base Cost	Recovered via base cost proposed in Revenue Proposal	TBA
EnergyCo Cost and Contingency	Transferred	5 Infrastructure Planner Fee	Recovered via IP Fee in Revenue Proposal adjusted as required	TBA
D&C contract & contingency	Transferred	6 D&C Contractor Fixed Price	Recovered via base cost proposed in Revenue Proposal	TBA

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How we apply lessons learnt to SW RNIP

We have heard from the CAG that:

- **Risk costs:** Transgrid should estimate risks on a probabilistic basis with a P50 value and supported through monte carlo analysis.
- **Duplication**: Transgrid should establish that there is no duplication of risk costs between the base allowance, risk costs, provisional sums and adjustment events
- **CESS:** Matters substantially within Transgrid's control should be covered in base risk cost allowances.

Independent Assessor (IA):

- We are carefully monitoring the IA proposal in HTP. The projects differ in scope, risk profile and delivery model.
- For SWRNIP, competitive procurement, Transgrid's direct accountability and AER oversight are relevant in assessing the level of assurance required on adjustments.

How does this impact our preliminary risk allocation?

Feedback / Feature	Implication for risk allocation process
Risk costs	• Risk costs are quantified on a P50 basis supported by probabilistic modelling
Duplication	• A single cost is only allocated to one 'cost recovery pathway'
CESS	• Risk costs within Transgrid's control are allocated to its risk allowance
Brownfield works	• The SW RNIP project is built upon the Dinawan substation established as part of PEC: 'brownfield' works. • Transgrid's risk allocation reflects a **higher rate of retained risks**, meaning TransGrid has more control over risks that might eventuate.
Pre-agreed variations	• To increase transfer capacity from 2.5GW to 3.6GW EnergyCo may direct Transgrid to introduce an additional synchronous condenser • This would increase the risk exposure of this project.

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Top risks based on value

For discussion:

- *Does the proposed allocation appropriately place risks with the party best able to manage them?*
- *Are consumers exposed to appropriate risks?*



Risk	Mitigations	Preliminary cost recovery pathway and justification
Special Protection System (SPS) Scope Definition: The proposed South West RNIP Special Protection System (SPS) scope has not yet been fully defined, as further planning studies are required and its design remains dependent on the completion of other major projects.	Finalise SPS investigations and secure AEMO approval to confirm the SPS scope, technical requirements, and implementation approach.	• Transgrid risk allowance (Non D&C – Transgrid costs) as Transgrid has control over the technical design parameters and can price the risk probabilistically.
Delay in EIS Approval: Delays in EIS approvals arising from external regulatory, political, and administrative factors may result in schedule slippage, increased costs, and reduced delivery certainty.	Implement proactive DPHI and NEPA engagement, timely resolution of environmental and cultural heritage matters, and programme allowances for government decision-making cycles, to support timely bilateral EIS approvals.	• Transgrid non-contestable adjustment (Non D&C – Transgrid Cost) as the trigger for this event is outside of all parties' control and costs are determined based on standard prolongation costs. This remains non-contestable given discretion on quantity.

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Contestable Adjustment Mechanism | Non- Contestable Adjustment Mechanism | TG Risk Allowance

Top risks based on value

Risk	Mitigations	Preliminary cost recovery pathway and justification
Low Ground Clearance Conductor: The increase in transmission line design temperature from 95˚C to 120˚C may result in insufficient conductor ground clearances on TL 6R and TL 6P between Gugaa and Wagga, requiring additional civil and landscape modification works, with potential impacts to project cost and schedule.	Undertake a comprehensive assessment of the environmental, property, cost, and schedule impacts of the proposed conductor temperature increase, and obtain formal endorsement supported by Network Planning studies to validate the strategic and operational requirements of the change.	• Transgrid risk allowance (Non D&C – Transgrid costs) as Transgrid has control over design conditions during the delivery of the works. • Any modifications or scope refinements are captured under risk allowance.
SynCon Design Integration and Interface Management: Changes to the SynCon design may create interface management challenges across multiple delivery parties and technical stakeholders, resulting in design rework, coordination inefficiencies, and potential cost and schedule impacts	Implement a structured interface management framework, supported by formal governance and regular stakeholder coordination, to ensure effective integration of SynCon design requirements and minimise the risk of design rework, cost escalation, and schedule delays.	• Transgrid risk allowance (D&C costs): where the design issues do not arise due to directions by the infrastructure planner. • We could transfer this risk to contractors, however they might return a higher fixed price to capture the uncertainty of the cost
Telecommunications Connectivity Constraints at Dinawan Substation: Inadequate telecommunications coverage at the Dinawan Substation may adversely affect project delivery, operational performance, and emergency response capability, necessitating additional communications infrastructure investment.	Complete the Bundure Telstra Tower upgrade before construction commencement to ensure adequate telecommunications capability for project delivery and operational support.	• Transgrid risk allowance (Non D&C –Transgrid costs, Studies under PDD) as this risk can be foreseeable after the studies is complete and priced probabilistically ahead of time.

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Top risks based on value

Risk	Mitigations	Preliminary cost recovery pathway and justification
Easement Rights and Land Access Challenge for TL51 Upgrade: Possible landowner challenges to TL51 easement provisions which may require additional legal, stakeholder, and property engagement activities, potentially impacting project cost, schedule, and delivery outcomes.	Implement a structured landholder engagement and compensation strategy, underpinned by Just Terms Act valuation principles and early agreement with affected landowners, to strengthen Transgrid's legal position and reduce the risk of property-related delays to the TL51 upgrade.	• Transgrid Non-contestable adjustment (Non D&C – Transgrid costs) as the uncertainty surrounding legal challenges for easements are difficult to forecast ahead of time
AEMO Outage Cancellation and Rescheduling Risk: AEMO-driven outage cancellations or unavailability may delay critical construction and commissioning activities, resulting in schedule and cost impacts	Implement a coordinated outage management and commissioning strategy, supported by enhanced network design flexibility, proactive stakeholder engagement, and robust delivery governance, to maximise outage availability and minimise schedule impacts arising from AEMO-driven outage constraints.	• Contestable Adjustment (D&C): On the basis that these events are triggered by AEMO and costs are priced competitively by D&C. • Where Transgrid is at fault for this event, it may not meet the trigger of the contestable adjustment mechanism.

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Background materials and written updates



Major Projects update

Background Materials

Transgrid

HumeLink highlights



Images: Bannaby gantries erected and stringing coming into the substation.

HumeLink West: Gugaa substation has moved into electrical installation; Maragle completed all 500kV foundations; Wagga achieved partial energisation of the new Gugaa 330kV switchbay.

HumeLink East: Bannaby substation on track for completion in January 2027, with new HV equipment foundations installed.

Engagement: Batlow community hub first anniversary and new Transgrid-funded cabins opened at Crookwell.

At a glance



West – 113 towers erected (31%), 193 foundations (53%), 328 pads (90%).

East – 137 towers erected (30%), 293 foundations (64%), 349 pads (76%).

PEC and HumeLink local spend of $557M to end of July.

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Major Projects update

Background Materials

EnergyConnect highlights



Elecnor's Jo Mazzocchi with Legacy 100 Graduate Charlie Ross at the Balranald AFL & Netball Match.

Stage 1 complete (150MW); Stage 2 (800MW) due in the October quarter of 2026.

Practical completion achieved for L5 on 31 July and L2 on 25 August 2026.

Close-out engagement underway, including the final community newsletter and council close-out presentations.

At a glance



The opening of the 2026 Wentworth Show with Transgrid as a major sponsor and attending with engagement stall.

Training graduations held at Wagga, Griffith and Mildura under the First Nations social legacy strategy.

PEC Social Value Report circulated with a media release.

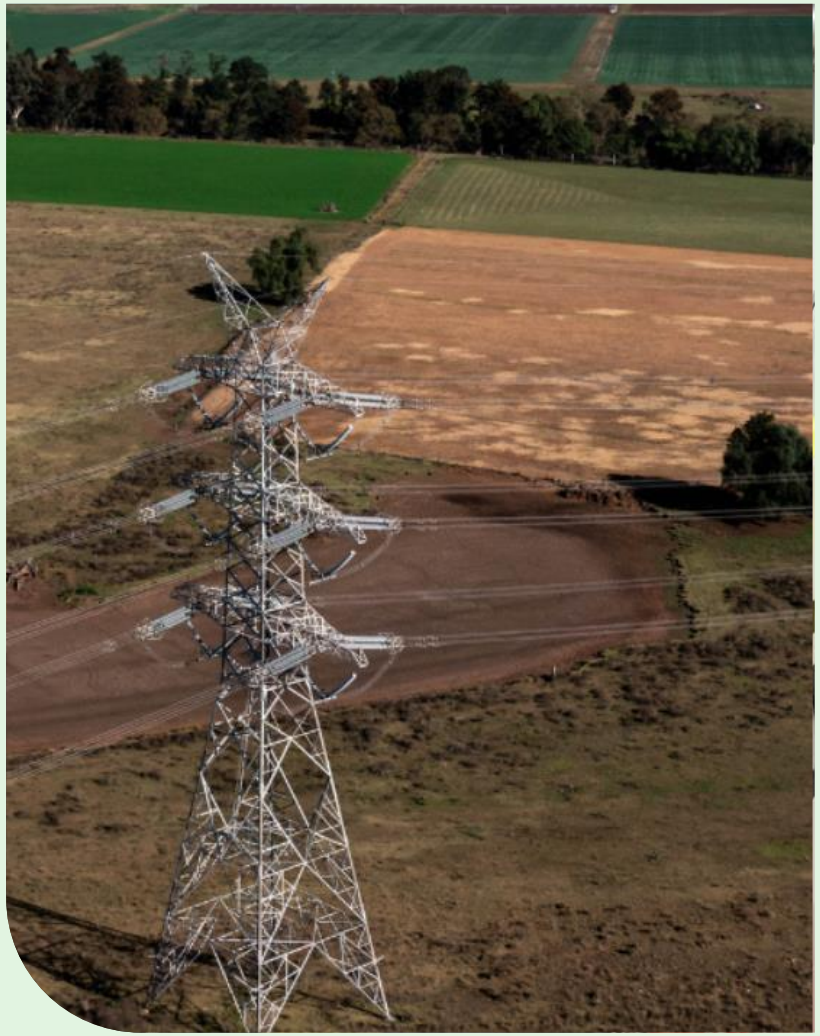
$345.2M spent to date with First Nations and local businesses.

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Hunter Transmission Project highlights overview

Background Materials

- NSW planning approval received on 29 July; Commonwealth conditions of approval approved on 10 September, 2026.
- Working with EnergyCo ahead of Q4 2026 milestones: Procurement finalisation, D&C and Delivery contracts finalisation and signing, commencement of delivery phase including delivery partner onboarding.
- Recruitment continues in line with the Delivery Phase Operating Model.
- Positive Hunter First Nations Business working group meetings and introduction to Awabakal Local Aboriginal Land Council.



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HTP – project need recap

Background Materials

Transgrid

✓ Important for energy security and reliability

✓ Completes the northern backbone of the Sydney Ring

Eraring to be closed by 2029

- Eraring Power Station (2.9GW) accounts for ~25% of NSW's power requirements and its retirement will have major ramifications for power supply to Sydney, Newcastle and Wollongong, where 80% of NSW's electricity is consumed.
- Renewable energy from Central-West Orana Renewable Energy Zone (CWO REZ) and New England Renewable Energy Zone (NE REZ) is needed to replace the generation capacity shortfall. HTP will provide 5GW of transfer capacity from the REZs into load centres.
- Without HTP, Transgrid's transmission infrastructure has insufficient transfer capacity to fully utilise the renewable generation and storage expected to come online.
- The 2026 ISP included HTP as an actionable project requiring urgent progression. To expedite delivery, EnergyCo advanced HTP under the EII Act as a Priority Transmission Infrastructure Project (PTIP).

EnergyCo is targeting HTP Project Completion by 2029

- EnergyCo is pursuing acceleration of the project to achieve energisation as early as possible in 2029 to align with the permanent closure of Eraring and the completion of CWOREZ.

HTP within the broader Transgrid network



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Background Materials

Transgrid

Monte Carlo probabilistic risk simulation- deep dive

Our risk methodology aligns with AER's Guidance

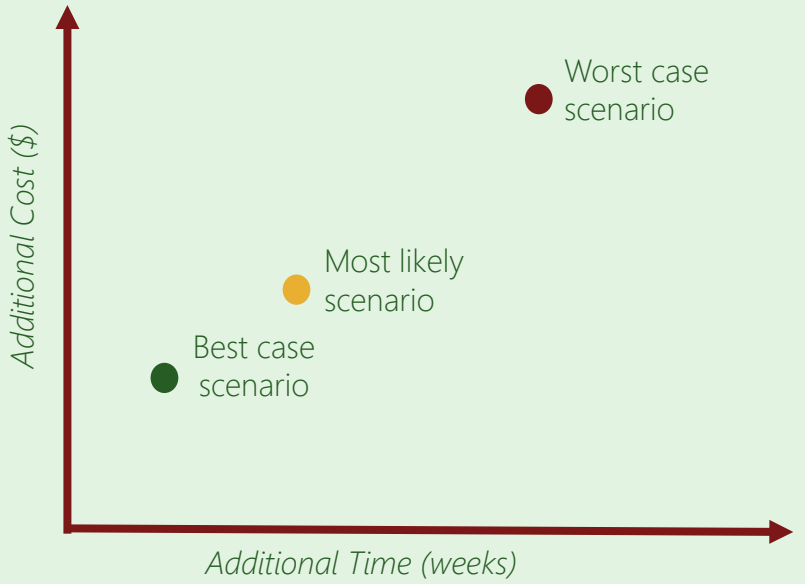
Monte Carlo probabilistic risk simulation method:

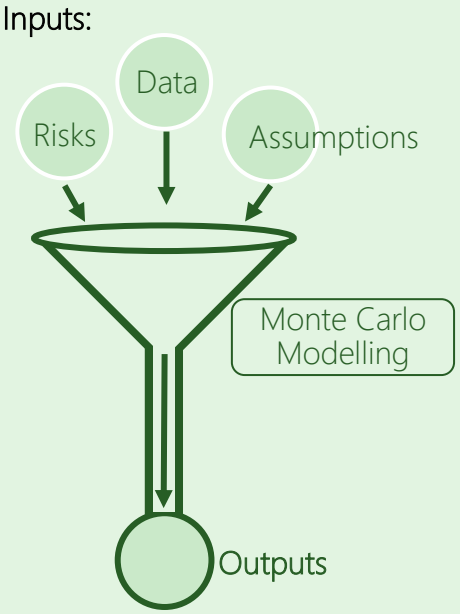
1. Identify all possible risks
2. For each risk, identify* the cost and schedule **consequences** in each of three "scenarios":

"Best case" scenario | "Most likely" scenario | "Worst case" scenario

**Informed by indices, industry standards, benchmarks, current projects, lessons learned and SME judgement*

3. Assign **likelihood** of occurrence (%)to each risk scenario
4. Run Monte Carlo analysis to determine all possible risk scenarios combinations





Cost / Time consequences are mapped for each identified risk and form model inputs

Monte Carlo risk modelling process

✓ Transgrid uses a variety of checks and balances to validate risk model inputs. This includes sensitivity testing, benchmarking, external model validation (KPMG) and data verification.

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VNI West
Recap of previous engagement

Background Materials

Transgrid

21 May 2024

CPA 1 determination and CPA 2 engagement planning – scope of works, capex, contingency and social licence

29 May 2025

Project update and Material Change in Circumstances assessment – Victorian delays, community impacts

24 July 2025

MCC assessment and regulatory pathways – CPA 1 funding, Dinawan staging, cost certainty and consumer benefits

14 May 2026

Project update – dual regulatory pathway, VicGrid coordination and stranding risk

3 September 2026

Update: Stage 1 early works proceeding under EII Act with NSW Government to enable SW REZ.

Stage 2 essentially on hold pending Transgrid discussions with the AER and AEMO on pathway and timing

● *VNI West was a dedicated agenda item at these meetings*

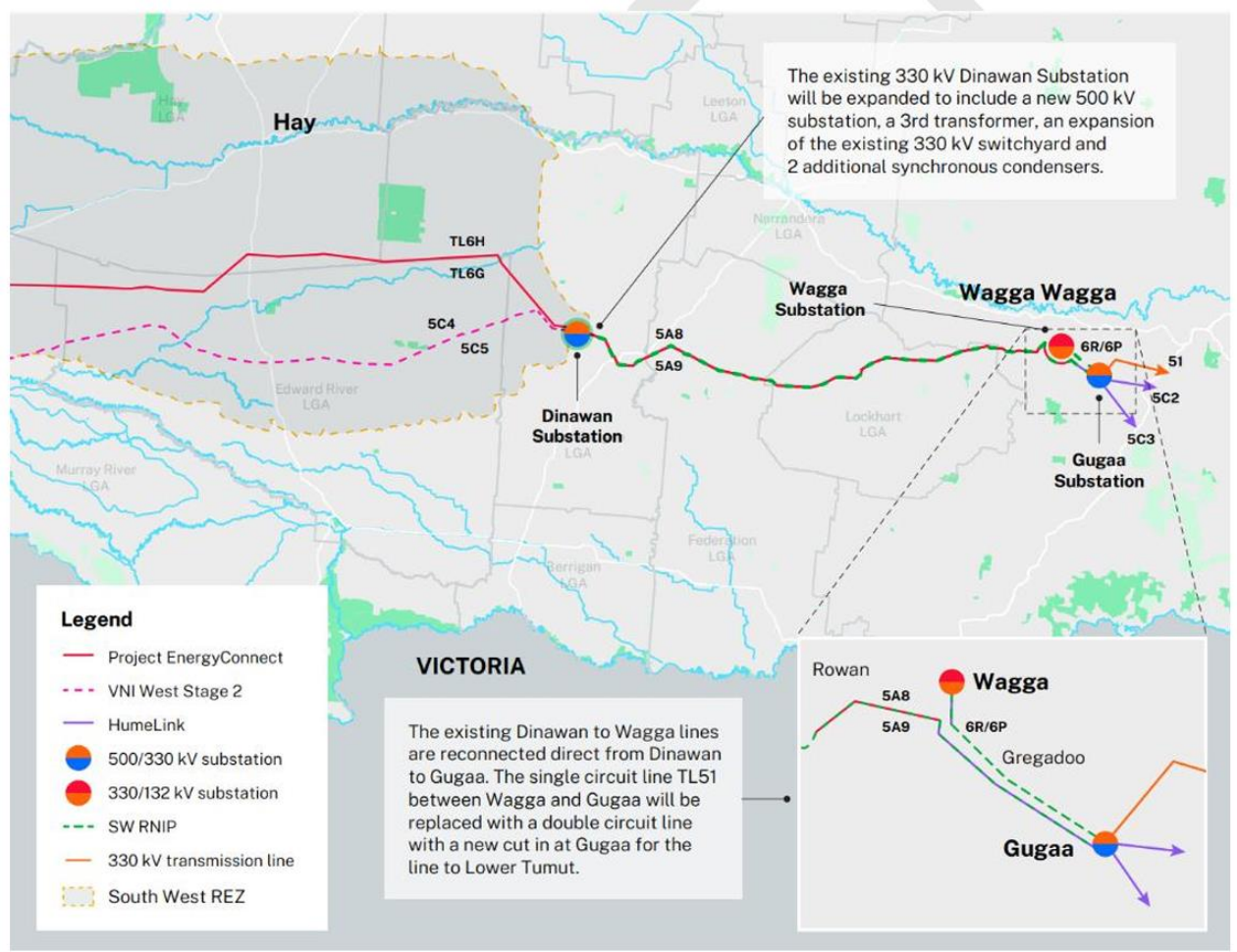
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What is the South West REZ network infrastructure project?

Background Materials

Transgrid

South West RNIP is advancing through endorsement, procurement and network operator appointment



Project overview

- This project unlocks 3.56GW of renewable generation in South West REZ by 2029
- It does so by implementing Option 5A from the original PACR:
  - Uprating the Dinawan to Gugaa line to 500 kV
  - Delivering a third Dinawan transformer
  - Expanding the Dinawan 330 kV switchyard for Access Right Holder connections
- There is an optional System Strength solution through additional Dinawan SynCons
  - SynCon costs are recovered through the IP fee and competitively tendered installation; RIT-T costs are excluded.

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VNI West and South West RNIP

Project update

- VNI West Option 5A remains on the Optimal Development Path, despite delivery through two regulatory frameworks. Stage 1 (SWRNIP) proceeds under the EII Act; Stage 2 (Interconnector) under the NER.
- Proponents continue to progress the project in line with current government policy.
- EnergyCo has recommended the RNIP to ASL for authorisation via an Infrastructure Planner Recommendation Report (IPRR).
- Transgrid is finalising its Network Operator RFP response; D&C tenders close mid-October to inform cost estimates
- We have signed a Project Development Deed to deliver this project and undertake procurement of a delivery partner.



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Transposition 5 and 6

Written Update

Background

This update is provided to inform CAG members about a required addition to the Enabling Central West Orana Renewable Energy Zone network infrastructure project (Enabling CWOREZ RNIP).

As CAG members will recall, the AER made its final decision on the Enabling CWOREZ RNIP project in January 2026 (see AER Final Decision). The decision approved approximately $403 million in capital expenditure to connect the Central-West Orana REZ to Transgrid's network.

A relatively small amount of additional transmission works, known as Transpositions 5 and 6, is required to support the Enabling CWOREZ RNIP project. These works are estimated to cost approximately $20-30 million and are located outside the geographical footprint of the authorised project.

Transgrid has been working collaboratively with EnergyCo and the AER to identify a pragmatic solution that enables these works to proceed and their costs to be efficiently recovered. As a result, the AER has agreed to reopen its January 2026 determination to accommodate the costs of Transpositions 5 and 6, and the Consumer Trustee Authorisation will be updated accordingly to include these works.

Cost-Efficient Delivery of TP 5 & 6 scope of works

Line transpositions involve the periodic swapping of conductor positions on transmission lines to manage voltage unbalance across the transmission system.

Transpositions 5 and 6 involves two lines 5A7/5A6 to be transposed at 1/3 and 2/3 distances along the lines between Mt Piper and Bannaby. The phases will also be rolled to align with the existing phase sequence at Mt Piper substation.

Transgrid intends to procure Transpositions 5 and 6 through a variation to Zinfra's existing D&C Contract, leveraging Zinfra's established knowledge, experience and mobilisation from the Augmentation works and delivery of Transpositions 1-4. This approach is considered the most cost-efficient option as it avoids the additional procurement, mobilisation and interface costs associated with engaging a new contractor, while reducing delivery and design risk. To ensure value for money, Transgrid reviewed the proposed scope, unit rates and pricing against those competitively assessed through the original tender process and engaged North Projects to independently verify that the proposed pricing is competitive and efficient.

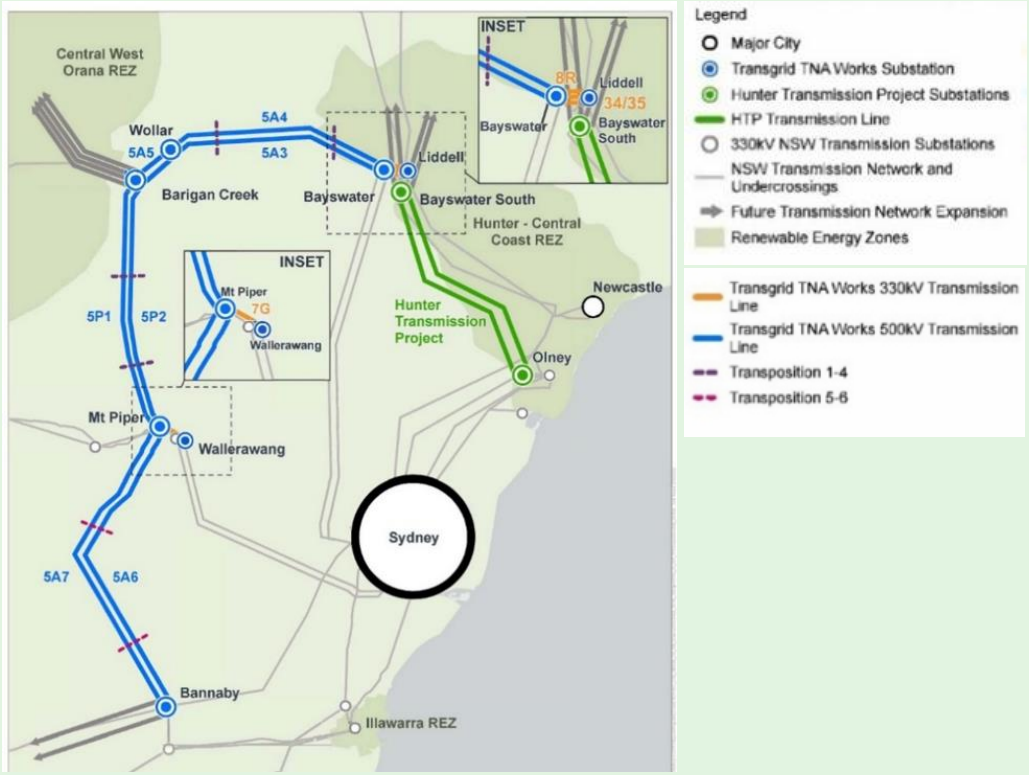
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Transposition 5 and 6

Written Update

Transgrid

Map of the Enabling CWO RNIP including Transpositions 5-6



Review and Remake

The review and remake of the AER's January 2026 Final Decision for the Enabling CWOREZ RNIP is limited to the incremental expenditure associated with Transpositions 5 and 6, together with any consequential updates to the applicable adjustment mechanisms.

In preparing the redetermination proposal, Transgrid will apply a methodology and assessment approach consistent with that used in our original Revenue Proposal for the Enabling CWOREZ RNIP base scope of works.

Submission timeline



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