Consultation on Transgrid's Draft Material Change in Circumstance report for managing system strength in NSW

Transgrid has published its draft material change in circumstances (MCC) report (the Report) for consultation as part of the managing system strength in NSW regulatory investment test for transmission (RIT-T). The Report identifies changes to the preferred option for managing system strength in response to delayed coal retirement dates under the 2026 Draft Final ISP Step Change scenario, higher synchronous condenser costs and longer synchronous condenser delivery timeframes.

Transgrid engaged with the Transgrid Consumer Advisory Group (CAG) on 10 July 2026 to discuss the draft MCC assessment and seek feedback to inform the Final MCC assessment and procurement approach.

At CAG's request Transgrid agreed to capture feedback from the CAG given verbally during the meeting. This document has been reviewed by CAG members and it should be considered as a submission to Transgrid's system strength draft MCC consultation.

Feedback provided by Consumer Advisory Group

- CAG members welcome the opportunity to provide feedback as part of the draft MCC consultation. The discussion focused less on a binary endorsement of the draft preferred portfolio and more on the need for flexible procurement, clearer staging options and better articulation of how Transgrid could respond if future information changes the efficient mix of solutions.
- Clarify whether different synchronous condenser sizes were considered in Transgrid's cost and availability assumptions for Phase 2 synchronous condensers. For example, multiple smaller synchronous condensers, as procured for the Phase 1 accelerated synchronous condensers pursuant to the PNIP Direction, or a single larger synchronous condenser. Consumer confidence in the assessment depends on understanding whether the stated costs reflect the full range of available procurement options.
- Clarify whether the longer delivery timeframe for Phase 2 synchronous condensers has created a different set of synchronous condenser options, compared with Phase 1 synchronous condensers in the MCC assessment. Different options may include different original equipment manufacturers, products, synchronous condenser sizes.
- Clarify whether the assessment considers the potential need for coal generator units to extend operation due to delayed synchronous condenser delivery, including impacts on wholesale electricity markets and investment signals for new generation, storage and network assets. Transgrid confirmed Phase 1 syncons are needed to address gaps associated with Eraring's retirement, while phase 2 syncons or alternative solutions are required to enable additional New South Wales coal generators (Bayswater and Vales Point) to retire.
- The extended synchronous condenser delivery timeframe out until FY34 increases uncertainty about system need, technology options and market conditions. While this makes it difficult to determine future requirements with confidence, the CAG recognises the risk that deferring decisions may make synchronous condensers harder to secure or further increase costs as

global demand increases or supply chains tighten. The assessment should detail the risks of both committing too early and waiting too long.

- Identify opportunities to preserve optionality, including assessing break costs or option-style procurement approaches to maintain flexibility to pivot to possible future lower-cost alternatives and manage stranded asset risk for long-lead-time equipment with long asset lives. Members asked Transgrid to explore middle-ground options, including staged procurement, options for later units, break-cost analysis, possible on-sale of units and clearer pathways for moving from three syncons to two or one if new information supports a different portfolio.
- MCC assessment should not be limited to the period before financial commitment. Where it is in consumers' interests, Transgrid should continue assessing opportunities to avoid, reduce or on-sell one or more synchronous condensers after project commitment.
- Compare acceleration options transparently with the 'assumed' pathway under the National Electricity Rules regulatory pathway, including the costs, timing, risks and consumer protections associated with each approach. Transgrid indicated that procurement processes could take until late 2027 or early 2028 before a revenue proposal is submitted, although this timing is not fixed.
- CAG members also raised concerns about acceleration through government processes noting that government decisions to accelerate syncons through a PNIP or other directions can reduce AER oversight and make it harder for consumer preferences expressed through consultation to have practical effect. The consultation should clearly show the full range of available options, including accelerated procurement, because CAG members cannot represent consumers effectively if material pathways sit outside the frame of the consultation.
- CAG welcomes Transgrid's commitment to ensure any discussion with government on accelerated delivery reflects the CAG's feedback that acceleration should not be framed only as all three syncons or none.
- The CAG acknowledges the risk of decision-making paralysis and recognises that it is not reasonable to delay decisions until all uncertainty is resolved.
- Provide a plain English description of the risk of insufficient system strength. Transgrid explained that insufficient system strength may mean protection systems cannot safely clear faults, so AEMO may need to restrict or shed load proactively to keep the grid safe.

Conclusion

CAG members welcome the opportunity to provide this feedback on the draft MCC assessment.

Signed

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