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Thursday, 24 July 2025

Richard Owens
Review Lead
NSW Transmission Planning Review Panel

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Dear Richard,

NSW Transmission Planning Review – Interim report

Transgrid is committed to advocating for outcomes that are aligned with the National Electricity Objectives - namely price, quality, safety, reliability, security and emissions - while prioritising the long-term interests of energy consumers. We welcome the opportunity to contribute to the Interim Report consultation and look forward to ongoing engagement with the Review Panel as they finalise their Report.

As the transmission planner for NSW and the ACT for over four decades, Transgrid has developed deep expertise in managing a critical part of the Australian energy system. Our core responsibility is to maintain the ongoing security and reliability of the electricity system as it transitions to greater renewable energy integration to support Australia's 43 per cent carbon reduction target from 2005 levels by 2030 and net zero by 2050.

We value the constructive and insightful discussions with the Review Panel and look forward to further dialogue on matters outlined in our attached submission.

If you or your staff require any further information, please contact Joshua Everson, Senior Manager Regulation, Policy and Advocacy at joshua.everson@transgrid.com.au.

Yours faithfully,

Jason Krstanoski
Acting Executive General Manager of Network

1. Executive Summary

Transgrid welcomes the opportunity to respond to the NSW Transmission Planning Review Interim Report, released on 27 June 2025. We commend the Review Panel for its considered approach in developing 16 draft recommendations that seek to balance the complex and competing priorities in transmission planning reform.

Overall, Transgrid is broadly supportive of the direction outlined in the Interim Report. Our response provides detailed feedback on each recommendation, with the key positions summarised below:

- **New Guidelines:** We support the establishment of clear guidelines to delineate project pathways under the Electricity Infrastructure Investment (EII) Act and the National Electricity Rules (NER), and to clarify contestability and EnergyCo's planning functions. However, we believe these guidelines should be set by an independent policy agency, such as NSW DCCEEW, rather than EnergyCo itself. We also advocate for co-development of these guidelines with impacted stakeholders including EnergyCo, TNSPs, DNSPs, and regulators.
- **Definition of Strategic Projects:** We recommend a more precise definition of 'strategic projects' to provide transparency and avoid role duplication. The category of "Other Strategic Projects" is overly broad and should be refined to ensure strategic projects are limited to major network investments, without transferring core shared network planning responsibilities.
- **Network-to-Network Connections:** Transgrid supports strengthening regulatory arrangements for new network-to-network connections but does not see a need for wholesale redesign that will take significant time and may prevent timely connections of much needed generation. We support refining and adapting the existing NER processes - particularly those in Chapter 5 - through targeted reforms that enhance clarity, coordination, and efficiency. This is also aligned with our submission to the NSW DCCEEW's Network-to-Network Connections Review.
- **System Strength:** We support the Review Panel's recommendation for Transgrid to retain its Strength Service Provider (SSSP) role, following the publication of our System Strength Project Assessment Conclusions Report (PACR). We also support enhanced collaboration and rule changes to improve system strength planning across distribution networks and Renewable Energy Zones (REZs) and are committed to continuing strong collaboration with NSW DCCEEW and EnergyCo on this important work.
- **Funding for Planning Functions:** The proposed reforms will increase Transgrid's planning engagement with EnergyCo. However, there is currently no funding mechanism under the EII Act to support these activities. Further, arrangements for cost recovery related to projects transferring from the NER regime to the EII Act need to be clarified. We recommend that appropriate funding arrangements be established prior to implementation.
- **Phased Implementation:** We endorse the Review Panel's proposed phased approach - immediate, medium-term, and long-term actions - which prioritises planning and delivery

of critical projects such as the New England REZ. Successful implementation will require focused effort from all stakeholders.

- **Impact on Existing Projects:** To minimise disruption, we recommend that:
 - Actionable or committed Integrated System Plan (ISP) projects underway continue with current proponents;
 - The NSW System Plan (due to be published in late 2027) takes into account projects already underway; and
 - Transitional arrangements should support ongoing advocacy efforts or enable agreements that allow for the acceleration of specific components of ISP projects already underway.

These positions reflect Transgrid's commitment to supporting a robust, transparent, and efficient planning framework that enables the timely delivery of critical infrastructure for the energy transition.

2. Response to draft recommendations

2.1. Recommendation A.1: Simplify and accelerate the process for authorising REZ network infrastructure projects

Transgrid broadly agrees with the Review Panel's recommendation to simplify and accelerate the authorisation process for REZ network infrastructure projects (RNIPs). We recognise the Consumer Trustee (CT) authorisation is an important step in the project lifecycle, confirming that the project will deliver a positive net benefit for consumers. This step also outlines the project(s) to be delivered to generate these net benefits, which is fundamentally important for the remainder of the regulatory and project delivery processes.

We would support further consumer considerations in the RNIP and priority transmission infrastructure projects (PTIP) processes, potentially achievable through the recommended EnergyCo Consumer Panel (see draft recommendation C.1¹). Transgrid believes that additional transparency for consumers would be beneficial, which could be achieved through releasing non-confidential information about the potential options being considered along with the projected costs and benefits for the selected project.

As the proposed reforms are developed, several important details still need to be worked through. It is particularly important to ensure that simplifying the authorisation process does not create

¹ C.1: Implement best-practice engagement obligations to enhance engagement with consumers and local communities and transparency of decision-making

unintended issues in the economic regulatory process, which are essential for investor and market confidence in project delivery.

The Final Report should clearly outline the outputs of a revised authorisation process. For example, in the Central West Orana (CWO) project, there are separate authorisations for ACERREZ and Transgrid, each detailing specific work for their roles. Clarifying how this will be handled under a new process is important, as it defines the responsibilities of the REZ Network Operator and the primary TNSP.

Transgrid also notes that while the Interim Report focus solely on RNIPs, many of the same issues and the proposed reforms are relevant to the simplification of PTIP directions and authorisations.

Specific comments on each proposed change are provided in the table below:

Proposed change	Transgrid comment
<i>Amend the EII Act so the Consumer Trustee authorises a REZ network infrastructure project, rather than authorising a network operator to carry out a REZ network infrastructure project</i>	Transgrid views this as a logical change. Earlier authorisation of the project(s) would provide greater certainty to TNSPs and could potentially accelerate overall project development and decision-making.
<i>Remove the power of the Consumer Trustee to impose RES Board Plan and First Nations Guidelines conditions in an authorisation, and amend the requirement for the Consumer Trustee to consider the RES Board Plan so it does not apply to authorisation functions</i>	The Interim Report suggests that the requirements of the RES Board Plan and First Nations Guidelines are best handled through contracts between the Infrastructure Planner and the TNSPs delivering the project. Transgrid notes that a similar duplication happens with PTIPs, where obligations in the Ministerial Direction are repeated in contracts. If RNIP authorisation processes are being reformed, PTIP arrangements should be reviewed as well.
<i>Introduce a new process that allows the Infrastructure Planner to recommend an amendment to an authorisation, and the Consumer Trustee to make such an amendment where there has been a material change in circumstances</i>	Transgrid views this change as beneficial and supports its introduction. Determining which scope changes are considered material versus those that are not could become a complex and potentially unhelpful discussion. Transgrid believes that the better policy outcome would be for all scope changes agreed between the TNSP and the Infrastructure Planner to lead to authorisation amendments. This is crucial, as the scope included in the RNIP authorisation (or PTIP direction) is what must be delivered by the TNSP. If not properly defined, this could create regulatory complexity for the Australian Energy Regulator (AER) and the TNSPs as they progress regulatory proposals through to regulatory determinations.

Proposed change	Transgrid comment
<i>Amend provisions to streamline the matters that must be included in the Infrastructure Planner Recommendation Report (IPRR) to the Consumer Trustee</i>	Transgrid supports this change. It is logical that the IPRR should include only the information required for the CT to make its decision.
<i>Remove provisions requiring the IPRR and authorisation to set out the contractual arrangements that the network operator must enter into with the Infrastructure Planner in relation to the recommended RNIP</i>	Transgrid notes that a comparable obligation exists under the PTIP Ministerial Directions. We believe there should be consistency in the obligations across both project instigation instruments. While contractual arrangements can be finalised later in the project lifecycle, specific agreements must be included early to meet regulatory approval requirements.
<i>Remove the option for the Consumer Trustee to recommend that the Minister give a direction to a network operator for an RNIP</i>	Transgrid supports this change and notes that it sees no need for the existing Ministerial Direction power to be exercised.

Transgrid supports the rapid progression of these reforms but notes that several reform design issues (including those outlined above) must be properly considered. A well-considered reform design can progress quickly and still allow implementation before the New England REZ authorisation and procurement process advances too far.

2.2. Recommendation A.2: Strengthen the regulation of network-to-network connections

Transgrid agrees that there is a need to strengthen the regulatory arrangements for connecting new networks to existing transmission networks but does not believe that a wholesale redesign of existing processes is warranted. We have shared this view through engagement with NSW DCCEE's Network-to-Network Connections Review.

Transgrid supports refining and adapting the existing National Electricity Rules (NER) processes - particularly those in Chapter 5 - through targeted reforms that enhance clarity, coordination, and efficiency. We note that earlier and more constructive discussions are already occurring on the New England REZ network connection. This is a positive step and suggests that all parties have learned lessons from the CWO RNIP experience.

Transgrid agrees that greater clarity around roles, responsibilities, and timeframes will help all parties engage more effectively and efficiently in the network-to-network connection process. The CWO RNIP has produced a valuable set of precedent documents that serve as adaptable reference points. We support an approach that incorporates flexibility to tailor arrangements with appropriate terms and conditions. This reflects many years of experience in establishing and managing network-to-network connections - not just the recent CWO REZ process.

We also support the principle that a party initiating the connection process, such as the Infrastructure Planner, should be able to nominate another party to take over at any stage. However, safeguards are essential to ensure continuity, avoid delays, and prevent previously agreed positions from being reopened. We also note that the Infrastructure Planner should be able to keep REZ tenderers up to date with progress and provide draft terms and agreements via the transaction data room. This will improve visibility and reduce information asymmetry.

To ensure future network-to-network connections are delivered safely, reliably, and in alignment with broader system needs, Transgrid considers the following principles should guide any new regimes or changes to existing frameworks:

- New networks connecting into the 500kV and 330kV backbone of the NSW shared network must not compromise safety, system security, stability, or operational reliability. As the 'owner' of the NSW shared network, Transgrid has a NER obligation to ensure this. It is therefore vital that Transgrid retains enduring ownership, control, and maintenance of the backbone network.
- Connections should be consistent with long-term network planning for the region and the broader National Electricity Market (NEM).
- The NSW Infrastructure Planner should engage with NSPs early regarding the proposed design and location of network-to-network connection points. This timely consultation will allow for the assessment and resolution of system security, asset performance, and service reliability impacts across the asset lifecycle before tender packages are issued. It also supports coordination to achieve cost-effective outcomes for consumers.
- Connection assessments should be based on sound network design principles, consistent with good electricity industry practice and NSW-specific standards.
- Well-established operational practices should be upheld to ensure safe and reliable network operation with consistency. These should be considered from the planning stages through the entire asset lifecycle of any network infrastructure.
- Each connection must be tailored to its specific technical and locational context. There is no "one-size-fits-all" approach. Any pro forma arrangements must allow flexibility for the specifics of each connection through proper consultation and endorsement processes that provide certainty for all participants.
- Sufficient early engagement will ensure that the timeliness of deal execution does not need to be prioritised over system security and operability. This approach will also support the ability of planned infrastructure and connections to deliver the intended services to NSW consumers throughout the asset lifecycle.
- In the event of a dispute, there must be a clearly defined process and decision-maker. The decision-maker should be sufficiently independent of the negotiating parties to provide an objective opinion. There should also be mechanisms to seek expert independent advice on technical matters. We expect these arrangements will serve as an important backstop but will rarely need to be utilised.

- The majority of concerns raised regarding network-to-network connections pertain to the CWO RNIP connection, which represented a unique and complex scenario. As the first network-to-network connection with a NSW Renewable Energy Zone, it underscored the challenges of negotiating such arrangements post the appointment of a network operator. This case highlights the necessity of agreeing network-to-network connection arrangements during the early joint planning phase of the project.

There are many examples of network-to-network connections (TNSP to TNSP and TNSP to DNSP) being successfully implemented using the existing NER framework. It is not clear that the coverage of the proposed regime needs to be extended to other types of connections.

Transgrid acknowledges that line crossings, relocations, and easement access are important operational matters. However, we consider these are already well supported by existing arrangements. Transgrid is incentivised to share information, negotiate, and deliver in a timely manner under the current framework and has a strong track record of engaging in good faith. As with connection processes, early engagement remains key to achieving timely and effective resolutions.

2.3. Recommendation A.3: Reform the system strength regulatory arrangements to clarify accountability for system strength planning in REZs and improve coordination

Transgrid supports the intended outcomes of proposing amendments and clarifications to the current system strength framework. We welcome efforts to enhance clarity and coordination in REZs. TransGrid's System Strength PACR - the final stage of the regulatory process - was published on 14 July 2025. This report provides a pathway for NSW to meet its system strength requirements for the foreseeable future, particularly enabling the NSW power system to operate stably and safely without relying on coal unit operations. This supports the Interim Report's draft recommendation that *"The benefit of making EnergyCo the SSSP would be diminished given that Transgrid would have already planned and procured sufficient system strength to meet NSW's initial and forecast needs before this reform could be implemented."*

In addition, Transgrid has specific feedback on the following:

- **System strength and DNSP networks:** Transgrid agrees with feedback from Ausgrid and others that the NER framework creates challenges in planning for system strength on the distribution network. For example, the Australian Energy Market Operator (AEMO)'s current inverter-based resource (IBR) forecasts in the 2024 System Strength Report and the 2024 ISP do not currently consider any IBR located on the distribution network, except for existing, committed, or anticipated projects. Noting that this issue is NEM-wide rather than NSW-specific, Transgrid supports collaboration, and rule changes where required, to facilitate more efficient planning for system strength on the distribution network. We support DNSPs taking a more active role in managing system strength for IBR connecting to their networks.
- **Planning for New England REZ:** System strength planning for the New England REZ is currently ongoing. Urgent clarity is required on specific details of the proposed reforms to

enable effective planning and ensure system strength solutions for the REZ can be delivered efficiently and on time—regardless of who is delivering system strength for the REZ.

We note that EnergyCo undertook consultation in 2024, resulting in a set of REZ System Strength Management Principles agreed upon with AEMO. These principles are intended to inform the development and negotiation of EII Regulation amendments and modifications to the NER and National Electricity Law (NEL) relating to system strength. They aim to address identified gaps in current and proposed EII regulations, particularly where REZ transmission network infrastructure is owned and operated by an entity that is not the SSSP. The principles introduce the concept of a REZ Responsible System Strength Entity, which would be responsible for system strength within a REZ network infrastructure project that is a non-SSSP network. Transgrid supports the intent of these principles and considers that they should form the basis of any reforms to clarify accountability for system strength planning in REZs.

The SSSP role under the NER is required to **plan, design, maintain and operate** its transmission network to meet the system strength requirements set by AEMO. Transgrid's view is that a different approach is required where a REZ network is not owned by the SSSP. Any reforms to clarify system strength frameworks should consider the following:

- **Plan:** System strength remediation within a REZ should be planned jointly by Transgrid (as the NSW SSSP) and EnergyCo (as the Infrastructure Planner for the REZ).
- **Design:** EnergyCo should procure the design of the centralised system strength remediation that has been jointly planned by Transgrid and EnergyCo as a component of the REZ network operator tender.
- **Maintain and operate:** the REZ NO will be responsible for operation and maintenance of any centralised system strength solution.
- **Adjust SSSP obligations:** The SSSP obligations need to be adjusted so that the amount of system strength it plans to procure for the rest of NSW takes into account any centralised system strength remediation provided by the REZ NO.

The Review Panel notes that the draft recommendations will not address all issues identified with the current system strength arrangements and proposes further measures for consideration:

- Transgrid supports the suggestion that the Australian Energy Market Commission (AEMC) should review the system strength frameworks and consider ways to fast-track the delivery of future system strength solutions.
- We also support better integration of system strength projects into the ISP, including enabling AEMO to make system strength solutions actionable so that existing NER provisions for actionable ISP projects can be used.

2.4. Recommendation A.4: Remove barriers to planning efficient distribution network projects under the EII Act

Transgrid supports the removal of barriers to planning of distribution network opportunities under the EII Act. We consider that the scale and pace of the energy transition requires a 'whole of system' response, and that there may be opportunities to deliver renewable generation, storage and demand flexibility within distribution networks more quickly and efficiently if these barriers are addressed.

The management of embedded rooftop PV is a critical area of focus for DNSPs, and we strongly support its prioritisation as essential to the energy transition. Effective integration of distributed energy resources like rooftop solar is vital for maintaining system stability.

2.5. Recommendation A.5: Clarify EnergyCo's current planning functions in the EII Regulation

Transgrid supports amending the EII Regulation to clarify EnergyCo's planning-related functions as Infrastructure Planner, along with developing a guideline to provide more detailed guidance on those functions, how they differ from the planning functions of other bodies, and how they will be exercised in practice.

However, Transgrid considers that best practice would require the guideline be developed by an independent party (e.g., NSW DCCEE) in line with the principle of separating rule-making from implementation.

In addition, key stakeholders like Transgrid should be involved in developing the description of their own planning functions within the guideline, as they best understand their current planning scope.

We also suggest that, as part of the proposed schedule of planning functions for EnergyCo as Infrastructure Planner, there should be a requirement to provide information on both network and non-network options to AEMO and AEMO Services to inform the ISP, Infrastructure Investment Objectives (IIO) Report, and other relevant planning documents.

2.6. Recommendation A.6: Require EnergyCo to consult on and publish a guideline explaining its planning functions and how it will perform them

Transgrid supports development of a guideline to provide more detailed guidance on EnergyCo's planning functions and we note that later draft recommendations propose the expansion of this guideline to cover a broad spectrum of areas.

As noted above in response to draft recommendation A.5, Transgrid considers that best practice would require the guideline to be developed by an independent party (e.g. NSW DCCEE), upholding the principle of separation of rule-making from implementation. Further, it is recommended that this guideline would benefit from a co-development approach (similar to the recent development of the Principles for Transmission Forward Planning in the NSW electricity

network). Consultation on the guideline should be undertaken in accordance with best practice stakeholder engagement.

2.7. Recommendation A.7: Clarify which projects should be planned and approved under the EII Act instead of the NER

The Interim Report recommends introducing greater specificity - via EII regulations or a guideline - regarding the criteria used to assess which projects should be delivered under the EII Act and associated regulations. The recommendation suggests that these criteria would not override the EII Act but should provide additional clarity.

Transgrid supports the development of a guideline (by an independent body) rather than embedding the criteria in EII Act regulations. We also recommend that this guideline would benefit from a co-development approach and consultation on the guideline should be undertaken in accordance with best practice stakeholder engagement.

Given the constantly evolving nature of the energy transition, it is logical that the criteria may also need to evolve - making a guideline, as the Interim Report suggests, more adaptable than regulation. This guideline should have sufficient flexibility to allow critical projects required for the energy transition to be pursued under the most appropriate regulatory regime.

It will be important to establish appropriate mechanisms for the treatment of planning costs for any project that commences under the NER and later transitions to the EII Act. Transgrid should be entitled to reimbursement from the Infrastructure Planner for project costs that are determined to be prudent, efficient, and reasonable, including costs that would normally form part of a contingent project application under the NER for the relevant project.

2.8. Recommendation A.8: Clarify which projects should be procured contestably

The Interim Report recommends that criteria be developed to help determine which projects under the EII Act should be procured by EnergyCo either contestably or non-contestably, and that these criteria be developed by EnergyCo following public consultation.

Transgrid supports this draft recommendation in principle but notes some inconsistencies within the Interim Report. While the Report outlines the three procurement models - contestable, non-contestable, and non-contestable with contestable elements - clearly, the draft recommendation refers only to contestable criteria. Transgrid believes this narrow focus could lead to poor policy outcomes and higher costs for consumers. The criteria should support decision-making across all three procurement approaches.

The current approach to the Hunter Transmission Project (HTP) involves EnergyCo and Transgrid working in partnership to develop and deliver the project as a non-contestable project with contestable elements. This model was determined to be in the best interests of consumers, both in terms of cost and in avoiding the network risks that would arise from introducing an additional network operator. Transgrid agrees with the commentary in the Interim Report:

“We consider that contestability can have benefits, but that many projects will not be suitable for contestability because they are not readily separable from the existing backbone network and making them contestable would lead to higher costs or system security or reliability risks”²

Our view is that it is not in consumers’ interest for contestability to apply to replacement capex or brownfield projects. We also consider that contestability is not in customers’ interests in circumstances where an incumbent owns key infrastructure (e.g. substations) or has access to easements or critical landholdings. In these scenarios consumers are best served by the incumbent TNSP delivering a project.

As noted in our commentary on draft recommendation A.7, Transgrid believes that an independent body would be better placed to develop contestability guidance and that a co-development approach should be taken.

2.9. Recommendation A.9: Make EnergyCo the jurisdictional planning body and exclusive Infrastructure Planner so it can coordinate planning across NSW

Transgrid agrees that there is a strong case for improving coordination and strategic decision-making in NSW transmission planning. The draft recommendation that EnergyCo assumes the role of jurisdictional planning body and be appointed as the exclusive Infrastructure Planner aligns with this objective and would enable EnergyCo to coordinate the planning of all NSW strategic network projects. This recommendation would likely streamline strategic project decision-making and approvals, reduce delays, and support the timely delivery of NSW’s Net Zero targets.

While we see the benefits of EnergyCo becoming the exclusive Infrastructure Planner, particularly in providing greater certainty beyond the five currently declared REZs and two PTIPs, it may be advantageous for EnergyCo to serve as default Infrastructure Planner. The Minister should retain discretion to appoint another party in exceptional circumstances.

Given the focus on coordinating strategic network project planning, it is essential to clearly define the scope of ‘strategic network project’ to avoid scope creep, which could result in unclear accountability or increased duplication of roles over time. We note the draft recommendation B.1³, provides a definition of ‘strategic network project’ and we have commented on that in section 2.11.

If EnergyCo is to expand its role in coordinating strategic network project planning, it is crucial to clearly define and understand the accountabilities for planning outcomes. This should be reflected in any review of Transgrid’s current licence conditions.

² Page 69 NSW Transmission Planning Review Interim Report

³ B.1: Expand the National Infrastructure Strategy to become a NSW System Plan that consolidates information and coordinates planning of strategic projects

Transgrid acknowledges that EnergyCo would not take over any of Transgrid's other planning functions or those of the NSW DNSPs. On that basis, we support this draft recommendation.

We also agree with draft recommendation A.7⁴, which suggests that interconnectors and other projects affecting NSW inter-regional flow paths should be jointly planned by AEMO and Transgrid under the NER. This collaborative approach has proven effective in developing strong interconnection.

It is important to clearly define the expanded scope of EnergyCo's role. This will require revisiting the regulation changes and guideline contemplated in draft recommendations A.5⁵ and A.6.⁶ This review should also consider the definition of Transgrid's planning role. While a preliminary list of Transgrid's planning functions is provided, consideration is needed to ensure a comprehensive list is detailed, including functions such as asset replacement planning and planning for forecast network demand, to avoid gaps or overlaps with EnergyCo's proposed expanded role.

Under the draft recommendations, Transgrid's future planning engagement with EnergyCo will significantly increase, while engagement with AEMO will decrease. This shift is likely to increase Transgrid's planning costs. Currently, costs associated with AEMO engagement are funded under the NER. However, there is no similar funding mechanism under the EII Act to cover TNSPs' planning engagement costs. Establishing such mechanisms before the proposed changes take effect is essential (see our response in 2.16 for further information). Transgrid agrees that the system strength service provider and inertia service provider roles should remain with Transgrid in its role as a TNSP and Coordinating Network Service Provider (CNSP) for NSW.

Regarding inter-network power system tests, we believe that Transgrid is best placed to perform this function and support its nomination as the jurisdictional planning representative for this role.

We also note that Transgrid should have a clear right to recover costs incurred in assisting EnergyCo with its jurisdictional planner functions and supporting the transition of these functions to EnergyCo. We support clarifying this through an appropriate mechanism, whether via NER modification or EII Act regulation.

2.10. Recommendation A.10: Extend the NER joint planning provisions to apply to EnergyCo and enhance joint planning between EnergyCo, TNSPs, DNSPs and AEMO

Transgrid supports extending NER joint planning provisions to reflect EnergyCo's expanded role as outlined under draft recommendations A.5 and A.6. It is important to note that EnergyCo's

⁴ A.7: Clarify which projects should be planned and approved under the EII Act instead of the NER

⁵ A.5: Clarify EnergyCo's current planning functions in the EII Regulation

⁶ A.6: Require EnergyCo to consult on and publish a guideline explaining its planning functions and how it will perform them

expanded joint planning roles will complement, rather than replace, the existing joint planning obligations of DNSPs and TNSPs.

However, there is a potential risk of confusion regarding the draft recommendation for EnergyCo to undertake joint planning with jurisdictional planning bodies in other jurisdictions on inter-regional issues. According to draft recommendation A.7, interconnectors and other projects that materially affect inter-regional flow paths should be jointly planned by AEMO and the relevant TNSPs under the NER. Typically, the relevant TNSP in adjoining jurisdictions will also serve as the jurisdictional planning body for that jurisdiction. Therefore, it is crucial to clearly define the scope of joint planning between these TNSPs, Transgrid and EnergyCo to avoid any ambiguity.

2.11. Recommendation B.1: Expand the NIS to become a NSW System Plan that consolidates information and coordinates planning of strategic network projects across NSW

Transgrid believes that consolidating all strategic network projects across NSW into a single NSW System Plan publication would be advantageous for stakeholders. This approach would create a unified source of truth, avoid fragmentation, and recognize the integrated nature of the power system in NSW (and ACT). The draft recommendation strikes a sensible balance by consolidating planning reports for strategic network projects while retaining separate transmission annual planning reports (TAPRs) and distribution annual planning reports (DAPRs). These separate reports contain detailed information highly relevant to local stakeholders but may be of limited interest to broader audiences.

Transgrid appreciates the initial thoughts on defining 'strategic NSW projects' and values the Review Panel offering a starting point for this discussion. However, we believe the third category 'Other strategic projects' is very broad and may not provide the clear delineation of responsibilities sought by stakeholders (particularly given the overlap between the National Electricity Objective and the NER, and the objectives of the NSW EII Act). We understand that the NSW System Plan may include strategic projects that are being planned and delivered by the Infrastructure Planner, TNSP and DNSP within NSW, and we consider that it will be important to clarify the roles and responsibilities of different parties for projects included in the publication.

We consider that the category of 'other strategic projects' should be jointly defined in collaboration with EnergyCo, NSP, and consumer representatives and be aligned with broader system objectives. We welcome the opportunity to actively participate in shaping and agreeing on the scope of this category and the proposed NSW System Plan.

Transgrid also supports the inclusion of opportunities for non-network options for all identified needs in the NSW System Plan, aligning with the approach taken under the NER.

To provide clarity for stakeholders, we support the requirement for EnergyCo to collaborate closely with AEMO in preparing the plan to ensure alignment and coordination. Additionally, the optimal development path outlined in the ISP should include projects that will progress under the NER as actionable ISP projects, as well as those that will progress under the EII Act as PTIPs or RNIPs.

Recognising stakeholders' concerns regarding the multitude of planning reports currently published, Transgrid has collaborated with EnergyCo and AEMO to develop and agree on Principles for Transmission Forward Planning in the NSW electricity network. This initiative proposes the consolidation of a single TAPR prepared by Transgrid, covering the Transgrid NSW transmission network and augmentation planning for each Infrastructure Planner Project.

2.12. Recommendation B.2: Coordinate the development and timing of the various planning reports in NSW and clarify how they fit together to deliver an integrated plan

Transgrid is generally supportive of reforms aimed at enhancing reporting, with the primary objective of meeting the users' needs. This should remain a fundamental objective of any reform. Ideally, improved reporting should also facilitate better information sharing and greater transparency for stakeholders.

Regarding the specific draft recommendations:

- The proposal for a two-yearly cycle for the NSW System Plan, and publication to be coordinated with release of other key planning documents is sensible, and a public timetable will provide required visibility for stakeholders.
- Alignment of scenarios and modelling with the Inputs, Assumptions and Scenarios Report (IASR) and the IIO Report will be critical to ensuring consistency and providing clarity to stakeholders.
- We support clarifying the objectives, content requirements and preparation process for the NSW System Plan, and ensuring integration across documents through the development of a 'NSW Options for Assessment' document as input into AEMO Services' IIO Report.
- Information sharing is an important element of joint planning, and we consider that any information sharing obligation should be developed together with proposed joint planning enhancements contemplated under draft recommendation A.10.⁷
- The question of the formal feedback mechanisms remains unclear. While the intent is to clarify the process AEMO and EnergyCo will use to determine the most appropriate development pathway for strategic NSW network projects, this seems inconsistent with draft recommendation A.7. This recommendation suggests that EnergyCo will be solely responsible for applying any developed criteria. Therefore, it is recommended that AEMO's role (if any) in determining development pathways and the application of feedback mechanisms is clarified.
- The proposal to set out integration of the NSW System Plan with other transmission planning reports to enhance transparency is supported.

⁷ A.10: Extend the NER joint planning provisions to apply to EnergyCo and enhance joint planning between EnergyCo, TNSPs, DNSPs and AEMO

2.13. Recommendation B.3: Expand planning report processes so they are informed by comprehensive information on transmission, distribution and non-network options and can assess their relative benefits

Transgrid has well-established processes for joint planning with DNSPs in NSW and the ACT. Our TAPR currently considers transmission, distribution and non-network options.

It is important that non-network solution proponents have the capability to deliver the proposed solution on time and on budget. If not, consumers may actually be worse off if the proposed non-network solution cannot be delivered and the required network solution is required to be built at a later date.

Projects which proceed under the NER also need to consider non-network options as part of the regulatory investment test for transmission (RIT-T) process.

2.14. Recommendation B.4: Engage with the AEMC and AEMO on potential improvements to the ISP, TAPRs and DAPRs to clarify their interaction with state-based planning reports and review their contents and timing

Transgrid supports practical measures to better align the ISP with state-based energy regimes and other planning processes under the NER. We consider that EII Act projects being progressed in NSW should be incorporated into the ISP once they are sufficiently defined, to ensure that other planning processes are complementary.

For instance, we would support REZ projects being considered as “anticipated” in the ISP once access rights have been awarded, as this is a strong indicator that the generation, storage and related infrastructure will proceed. We support expanding the ISP to include consideration of system security services, even though simplifications are necessary to reduce modelling complexity. AEMO should continue to publish detailed system security reports that facilitate detailed network analysis required to plan for secure network operation in NSW. While it may be possible to combine or streamline some of AEMO’s reports on system security, we do not consider this to be a significant issue.

While we support any ISP changes which may lead to better customer outcomes, it is worth noting that both legs of an interjurisdictional project may not be delivered under the NER which could complicate reforms in this area. For example, interjurisdictional projects may be delivered under separate State frameworks or a combination of a state-based framework and the NER.

2.15. Recommendation C.1: Implement best-practice engagement obligations to enhance engagement with consumers and local communities and transparency of decision making

Transgrid supports, in principle, the draft recommendations put forward by the Review Panel to improve engagement with consumers and local communities, and the transparency of decision-making.

In order to successfully deliver major transmission projects, it is critical that proactive and productive relationships are built with impacted communities. Building relationships with communities takes time and from experience community acceptance can be achieved much earlier when:

- face to face interactions are prioritised,
- engagement professionals with IAP2 qualifications are either based in the community or have the expertise and knowledge of best practice engagement to ensure a tailored approach that ensures genuine engagement, and
- there is a common community contact person or team throughout the project lifecycle (across planning, design, approvals, construction and operations) to focus on building trust and relationships with the community. Transgrid considers that genuine stakeholder consultation and engagement in decision-making makes projects stronger and helps to align priorities with the communities and energy consumers who will ultimately pay for them. This is especially true for very large projects that will materially impact electricity bills over a long-time horizon.

2.16. Recommendation C.2: Ensure EnergyCo's governance and funding arrangements are appropriate for its current and expanded functions and enable it to attract and retain suitable staff

We broadly support this draft recommendation, however, there should be much greater clarity on the policy responsibilities between NSW DCCEEW and Energy Co. As a general principle, we consider that organisations should not be responsible for setting policies where they have day-to-day delivery or implementation responsibilities.

Under the reforms recommended in the Interim Report, Transgrid is expected to have a net increase in planning costs due to a much greater future planning engagement role with EnergyCo (and a reduced role with AEMO). Currently, the costs associated with AEMO engagement are funded under the NER. However, there does not appear to be a similar funding mechanism under the EII Act to cover TNSPs for their planning engagement costs. It is crucial that these funding mechanisms be established prior to the proposed changes taking effect. One potential option for general planning would be to establish a new process, which is similar to the existing master services agreement process, that we could use for project planning until we understand the size of this work. In the future, once this expenditure is understood, it could be recovered on an ongoing basis through the EII Act framework.

In addition, if a TNSP becomes the project proponent for an EII Act project which was originally being delivered under the NER, the contractual arrangements for this project should capture any preparatory activities/early works expenses not covered under the NER framework. If the project undertakes early works and the AER has made a determination for these works, either the early works amounts should remain in the RAB under the NER framework or these amounts should be transferred to the EII Act framework, under a new process, and should be included as part of the PTIP or RNIP declaration.