AusNet

TRR 2027-32

Transmission Stakeholder Advisory Panel (TSAP)

Summary Notes for Meeting #2

Details	Members	AusNet Staff
1pm to 5pm Monday 2 December 2024 **In-person & Online (MS Teams)** **Chair:** Glenn Orgias **Secretariat:** AusNet prepared draft, finalised by Chair Glenn Orgias	Glenn Orgias, *Chair* Alex Crosby Andrew Richards Rebecca Xuerub Theodora Karastergiou Harshal Patel Gavin Dufty *(joined virtually for Part B)* David Markham *(joined virtually for Part B)* Richard Robson *(joined virtually for Part B)* **Apologies**: Tennant Reed	**AusNet Staff:** Liz Ryan, *EGM Transmission (joined for Part B)* Amanda Robertson, *EGM Compliance, Risk & Corporate Affairs (joined for Part A)* Jacob Clifton, *GM Public Affairs* Tom Hallam, *GM Strategy & Regulation (Transmission)* Lucy Holder, *Customer Engagement Manager* Andrew Ryan, *Lead Technical Specialist Stations* Rod Powell, *Lead Technical Specialist Stations* Rebecca Love, *Senior Economist* Charlie Qin, *Economist* Emma Ferrie, *Engagement Specialist* **Observers:** David Prins Mike Swanston *(joined virtually for Part B)* Steve Spencer *(joined virtually for Part B)*

Key outcomes

In this meeting AusNet provided Transmission Stakeholder Advisory Panel (TSAP) members with an overview of AusNet's transmission network and the Transmission Revenue Reset process.

Additionally, AusNet confirmed the topics it will be engaging with the TSAP on through the TRR 2027-2032 process, highlighting specific areas within the topics it will be looking for TSAPs guidance and advice on.

Purpose & Agenda

PURPOSE

This meeting was held in 2 parts. The purpose of each session is as follows:

A. 1pm – 2.40pm | **Site tour of South Morang Terminal Station:** The purpose of this item was to help give panel members a better understanding of what AusNet's transmission network day-to-day looks like and the impact of some of the decisions they will be making for TRR 2027-2032 proposal.

B. 3pm – 5pm | **Presentation and discussion on TSAP Meeting #2:** The purpose of this item was to:

- continue to build TSAP members understanding of how AusNet's proposal will come together, and what is in (and out of) the TSAP's scope to influence
- to hear TSAP members feedback on the New Connections Deep Dive, to inform AusNet's next steps on Connections engagement
- to plan TSAP's work for 2025 in more detail
- to introduce TSAP to AusNet's EGM of Transmission; Liz Ryan.

AGENDA

Agenda item	Lead/s	Timings
**Part A	Site tour of South Morang Terminal Station**		
AusNet gave panel members a tour of South Morang Terminal Station to help give panel members a better understanding of transmission networks and understand more about the infrastructure they'll be discussing in more detail through the TRR process.	**Andrew & Rod**	**1.10pm**	90 mins
Afternoon tea		**2.40pm**	20 mins
**Part B	TSAP #2 presentation and discussion**		
Revenue & expenditure guidance	**Tom & Rebecca**	**3.00pm**	45 mins
Debrief on New Connections Deep Dive	Part 1	**Glenn**	**3.45pm**	15mins
TSAP focuses	Planning for 2025 meetings	**Glenn**	**4.00pm**	30mins
Q&A with Liz	**Liz w/Glenn chairing**	**4.30pm**	25mins
Next steps and close	**Glenn**	**4.55pm**	5mins
Close		**5.00pm**

Summary of discussion

PART A | SITE TOUR OF SOUTH MORANG TERMINAL STATION

Topics	Discussion points
Welcome	Glenn Orgias opened the session and handed to Tom Hallam to speak through the purpose of the session and facilitate brief introductions.
Safety briefing & site tour	1. Andrew and Rod from AusNet provided the group with a safety briefing, then facilitated a tour of the South Morang Terminal Station.

PART B | TRANSMISSION STAKEHOLDER ADVISORY PANEL #2 PRESENTATION AND DISCUSSION

Topics	Discussion points

Revenue & expenditure guidance

Tom Hallam and Rebecca Love from AusNet gave an overview of AusNet's revenue and expenditure for the Transmission Revenue Reset (TRR). This included:

- an overview of factors that AusNet are expecting to put upward pressure on its costs for 2027-2032
- the approach AusNet is taking to prepare its revenue and expenditure guidance
- the outline of AusNet's revenue envelope for the TRR 2027-32 proposal
- Weighted Average Cost of Capital (WACC) and how that impacts revenue
- calculation of AusNet's capex and opex forecasts
- a map of the major upgrades that are currently planned for the Victorian Transmission Network, including an overview of a project to occur in the Keilor terminal station to help maintain reliability.

Discussion included:

- **How augmentation programs might impact the TRR 2027-2032:** A panel member asked AusNet to further clarify the elements that are outside of its control in the augmentation programs for the TRR 2027-2032 proposal. AusNet responded by saying that given the possible large scale of the augmentation programs, they will affect aspects of the existing network, which is included in the scope of the TRR. This could involve decisions about upgrading or replacing certain infrastructure, and how these changes might impact AusNet's capex.

  The panel member asked how affordability is approached in the Transmission Revenue Resets. AusNet responded by saying at a high level, it can be looked at in the timing of projects, and the trade-off between risks. For example, the cost of an augmentation project will equal the risk that it is addressing. AusNet noted that project timings shifting between years can impact price and risk. There was further discussion around how risk is calculated.

- **Baseline:** A panel member asked why AusNet's carryover baseline expenditure has its current shape, where it is high at the start of the beginning of the period and then reduces and plateaus out towards the end of the period. AusNet said it expects incentive schemes to flow through at the start of the period as benefits, then as expenditure is expected to increase through the period where it is likely to get disbenefits. AusNet clarified the figures being presented today are a revenue envelope of what it's looking at and are not the actual forecast figures.

- **Capex:** A panel member requested that AusNet be very clear on who is initiating capex – AusNet or the ISP. The panel member further by saying it would be helpful to understand who is in control and carries the risk. AusNet agreed and acknowledged this point.

- **Role of VicGrid:** A panel member asked when there would be more information available on the new arrangements for the planning function and augmentation projects. AusNet said this information will be shared in the Victorian Transmission Plan (VTP), with a Draft expected in March 2025. There was broad discussion on the anticipated role that VicGrid will play in the Victorian Transmission Network, and how it might impact the TRR 2027-2032.

- **Opex:** There was discussion to clarify the impact of opex (vs capex) on TRR revenues and the engagement program, noting opex is forecast using the base-step-trend approach and there is less to engage on. It was clarified that step changes can be positive and negative, and are rolled forward into the base year for the next regulatory period.

Debrief on New Connections Deep Dive | Part 1

Glenn Orgias opened the discussion on the New Connections Deep Dive | Part 1 by asking panel members who attended to share their key takeaways.

Key takeaways from panel members included:

- **Build a better system that allows for transparency**: A panel member said a key issue they heard during the discussion was to build a better system that allows for transparency.
- **Centralise communications and increase transparency of roles for developers, AusNet and AEMO:** A panel member said connecting parties wanting access to process diagrams to help assist them along the connections process was a key theme on their table. Other members furthered there was a key theme in connecting parties wanting more transparency on how to go through the steps of the process, particularly for renewable developers. A suggested way to support this is by using fact sheets, which would help raise awareness of the responsibilities and coordination between AEMO and AusNet. This would help connecting parties know who they need to contact (either AusNet or AEMO) if problems arise at different stages of the process. Panel members furthered by raising that connecting parties suggested that having a central website or communications portal between AusNet, AEMO and connecting parties would help remove communication blockers and increase transparency within the process. Another panel member raised that an additional point that was raised in the deep dive was the importance of AusNet being transparent around what they are specifically doing, as well as transparency throughout the whole connections process including AEMO and the connecting party's role.
- **Accessing capacity on the grid:** A panel member said several attendees at their table raised the difficulty in knowing where there is capacity on the grid for them to connect to an existing AusNet terminal station and understanding who gets the priority for that capacity amongst different developers. The panel member furthered by saying that connecting parties emphasised that if they could get clarity and guarantee they could utilise the existing capacity, that would reduce the risk and change their business case significantly. AusNet responded by saying that issue is caused by the open access framework, which AusNet doesn't have control over. AusNet also noted VicGrid will have some form of firm access or capacity in the new renewable energy zones, and that there might be some similarities between the new Victorian process and New South Wales' capacity process, but likely won't be the exact same. Another panel member added that in the meantime, while connecting parties cannot guarantee space, they would like a way to see the queue and priority amongst others who would also like that capacity on the network.
- **How the TRR 2027-32 will impact new connections:** A panel members asked how the new connections deep dive will impact the TRR 2027 – 2032. AusNet responded by saying that there are aspects of the connections process which are covered by the regulatory process including pricing methodologies and negotiating frameworks. AusNet furthered by saying that for the deep dive on the New Connections process however, they were keen to look more broadly beyond the regulatory aspects and look at improvements that can enhance the TRR process and be implemented prior to the start of the new regulatory period in 2027.
- **Suggested next steps after New Connections Deep Dive | Part 1:** One panel member said it would be interesting to see the same session again with a different group (to validate key themes) but it wasn't seen as necessary by the group.
  Panel members collectively agreed that AusNet will need to do a follow up session to the New Connections Deep Dive, updating interested parties on how they will be addressing the feedback heard.

| **TSAP focuses | Planning for 2025 meetings** | AusNet's Tom Hallam provided an overview of the topics that AusNet plans to discuss with the Transmission Stakeholder Advisory Panel over the next 12 months through the engagement for the Transmission Revenue Reset 2027-2032. |

These topics included:

- Capex
- Victorian Transmission Plan (VTP), Integrated System Plan (ISP) and Victorian Annual Planning Report (VAPR)
- Social licence and network operability & buildability
- Customer service and engagement for large customers and generators connecting to the network
- Opex
- Overall TRR 2027-2032 proposal
- The transition to net zero, particularly for electricity generation
- Resilience
- New connections
- Risk allocation

Discussion included:

- **Capex:** A panel member asked how much of AusNet's capex will be subject to change. AusNet responded by saying large amounts of the capex will have its own Regulatory Investment Tests (RIT). AusNet clarified that the RIT process is separate to the TRR, but will be used as evidence for projects within the TRR.

  A panel member asked if AusNet could provide an overview of how its proposed investments are market competitive, in terms of having appropriate quotes and being aligned with what other networks are paying. AusNet responded that it won't provide this on a project-by-project basis but will explain how it goes to tender and in what situations. The panel member agreed that this approach would help the panel better understand the process.

  AusNet asked the panel members if there is any evidence they would like to see that hasn't already been suggested or isn't in the provided slide pack. A panel member asked if AusNet has a comparison between the last TRR's step changes and the actual expenditure. AusNet responded by saying this will be presented in an upcoming TSAP meeting.

  A panel member raised the expectation that there will be a large step-change in the upcoming TRR, and asked if AusNet has seen a similarly large step-change in previous TRRs. AusNet responded by saying that historically there have been some large step changes, but not in the last TRR 2022-2027. The panel member furthered by asking if AusNet could provide some data points on the historically large step-changes for the panel to see for reference.

  A panel member raised that it would be helpful for AusNet to explain the processes behind what is included in its capex profile. AusNet agreed with this suggestion and mentioned that it plans to hold a meeting covering this after the Victorian Transmission Plan (VTP) is released, and will invite VicGrid to attend.

- **Social license and network operability & buildability:** A panel member asked if AusNet has a representative of landholders on the Transmission Stakeholder Advisory Panel. AusNet responded that it did approach and invite a number of landholder representatives to join the TSAP but was unable to recruit a member. This was largely due to time constraints as landholder representatives are often stretched for time. AusNet furthered by saying that it will invite landholder representatives to any TSAP meetings focussing on social license.

- **Overall proposal:** A panel member asked how the TSAP's "final approval" of the proposal is achieved. Glenn Orgias, TSAP Chair confirmed he will write a report on behalf of the panel, which will be representative of the panel's views and position on

what AusNet is submitting in its TRR 2027-2032 draft proposal. The TSAP will be engaged through this process.

- **Net Zero – Energy Transition and Resilience:** A panel member asked if AusNet would consider custom and in-depth trade off work on resilience of the transmission network. AusNet responded by saying that resilience is assessed through a frequency times cost type analysis. As the frequency appears to be changing, AusNet is having discussions with the regulators and government to determine the best approach for managing resilience.

- **Risk allocation:** A panel member asked if AusNet used contingent project allowance in the last regulatory period, which would allow them to receive extra capex if a large project was to occur, such as the Yallourn Power Station closing. AusNet responded by saying in the last period there was a large amount of uncertainty around the Yallourn Power Station, however, it was made a contingent project which would allow AusNet to reopen to do the work required around that power station closing. The panel member furthered by asking if AusNet received funding upfront to do prework before a power station such as Yallourn closes. AusNet responded by saying it doesn't receive funding upfront, once the trigger event occurs, AusNet can recover costs as the TRR revenue can be amended on approval from the AER.

Q&A with Liz

AusNet's Liz Ryan introduced herself and gave an overview of some of her key priorities as Executive General Manager of Transmission at AusNet, which included providing affordable and efficient energy for customers whilst navigating challenges and opportunities presented by the transition to net zero and electrification.

Discussion included:

- A panel member asked how Liz's business unit, which looks after the regulated transmission network interacts with the Development and Future Networks business unit which looks after unregulated transmission projects. Liz responded by saying the teams work together when needed if there are contestable and non-contestable aspects of a project, noting however, that there are ringfencing requirements between the two teams.

- A panel member asked Liz what AusNet would like to see evolve with its relationship with VicGrid. Liz responded by saying that there are a number of challenges and opportunities for the energy industry and is eager to work with AEMO and VicGrid in the role AusNet will play.

- In discussion around AusNet's asset management framework, a panel member raised that there are parallels between the electricity and railway, particularly in regard to aging infrastructure and suggested that there are learnings AusNet can take from the railway industry. The panel member said they would share further information with AusNet on this topic via email.

- There was discussion on how AusNet can address some of the challenges of the transmission network through the TRR 2027-2032.

- There was discussion on AusNet's position in the energy transition managing three networks (electricity transmission, electricity distribution and gas distribution). A panel member noted that it would be good for AusNet to share broader context on how they prioritise across all three of its networks. AusNet shared the importance of having consistent priorities across its three networks.

- There was discussion around offshore wind and the impacts that could have on the Victorian network. AusNet noted that it will be important to keep options open and the Victorian Transmission Plan (VTP) will help to provide more information on Victoria's position.

Next steps and close

Glenn thanked attendees for their time and closed the meeting

Action items

	Action	Assigned to	Status	Due
2	AusNet will hold a part 2 session following up from the New Connections Deep Dive held in November.	AusNet	In-progress	March/April 2025
3	AusNet to explain the process behind what's included in its capex profile.	AusNet Reg Team	Not started	March/April 2025
4	AusNet to explain its tender process and how its proposed investments are market competitive.	AusNet Reg Team	Not started	TBC
5	AusNet to share a comparison between its last TRR's step changes and actual expenditure.	AusNet Reg Team	Not started	TBC
6	AusNet to provide data points on large step changes from previous Transmission Revenue Resets as a reference for panel members.	AusNet Reg Team	Not started	TBC
7	AusNet to invite landholder representatives to TSAP meetings when social license is covered.	AusNet Engagement Team	Not started	TBC

Ongoing actions

1	AusNet to be clear when presenting on capex what is AusNet initiated and what is ISP initiated.	AusNet Reg Team	In-progress	Ongoing