

# Regulatory Stakeholder Engagement Strategy

Non-contestable Revenue Proposal  
for Central West Orana Renewable Energy Zone (CWO REZ)

Jul 2025



# Contents

<b>1. Introduction .....</b>	<b>2</b>
1.1. Purpose .....	2
1.2. Project background .....	2
<b>2.0 Engagement Approach .....</b>	<b>3</b>
2.1 Learnings from previous stakeholder engagement.....	3
2.2 Best practice frameworks.....	4
2.3 Engagement objectives and principles .....	5
<b>3. Stakeholder analysis.....</b>	<b>5</b>
3.1 Stakeholder identification.....	5
<b>4 Communication and engagement tools.....</b>	<b>7</b>
4.1 Summary of communication and engagement tools .....	7
4.2 Transgrid Advisory Council (TAC) engagement.....	7
<b>5.0 Engagement program .....</b>	<b>8</b>
<b>6.0 Governance.....</b>	<b>10</b>
6.1 Roles and responsibilities .....	10
6.2 Data management .....	11
6.3 Contact us.....	11

# 1. Introduction

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## 1.1. Purpose

This Regulatory Stakeholder Engagement Strategy supports Transgrid's Non-Contestable Revenue Proposal submission to the Australian Energy Regulator (AER) for the Central-West Orana Renewable Energy Zone (CWO REZ). It is important to note that the engagement relates to Transgrid's Revenue Proposal, not the scope of the CWO REZ project as this has been set by EnergyCo.

As the project was not included in Transgrid's 2023-2028 revenue determination, to recover the expenditure and return on our investment, we must submit a Revenue Proposal to the AER.

This strategy details Transgrid's objectives and approach to engaging with stakeholders during the preparation of CWO REZ Regulatory Proposal. This document is designed to be responsive to the project as it evolves, and stakeholder needs as they change, and will be updated accordingly.

The strategy identifies the key stakeholders and their potential concerns, and the tools and techniques we plan to use to engage with stakeholders. It also outlines roles and responsibilities for implementing this strategy and the mechanisms for ongoing monitoring and review of the strategy.

This strategy is informed by our experience and key learnings from our regulatory stakeholder engagement for the Waratah Super Battery Non-Contestable Revenue Proposal and other Transgrid regulatory proposals. The strategy is guided by the International Association of Public Participation's (IAP2) public participation spectrum and the AER's Better Resets Handbook.

We are committed to continually improving our regulatory engagement approach, to enhance customer outcomes and better meet stakeholder needs and expectations.

## 1.2. Project background

Since 2020, Transgrid has been working with the NSW Government to plan new transmission infrastructure for Australia's first coordinated Renewable Energy Zone (REZ) in the State's Central-West Orana region.

Investment in new infrastructure will allow renewable energy providers from the region to connect to the grid and enable more affordable, reliable and clean energy for NSW customers.

The CWO REZ is around 20,000 square kilometres, centred by Dubbo and Dunedoo on the land of the Wiradjuri, Wailan and Kamilaroi people. It will initially unlock 3 gigawatts of new network capacity by the mid-2020s, enough to power 1.4 million homes.

The CWO REZ project is designed to enable generators (wind and solar) participating in the REZ to export electricity to the rest of the network. It is expected to bring up to \$20 billion in private investment to the region by 2030 and at its peak, support around 5,000 construction jobs in that region.

ACE Energy (Acciona, Cobra and Endeavour Energy) is responsible for the contestable portion of works involving the CWO REZ network infrastructure. Transgrid's scope of works, set by EnergyCo, involves modification of our 500kV network to accommodate a 3GW transfer capacity from the REZ to our network.

Transgrid's scope includes the following four elements:

- New 330kV transmission line from Bayswater to Liddell including minors works at each substation
- New 330kV transmission line from Mt Piper to Wallerawang and upgrade works at each substation
- Cut in works to connect existing TG Wollar substation to the new Barigan Creek Switching Station (known variably as New Wollar or Wollar South substation)
- Facilitation of overcrossing works for TG TL79.

CWO REZ is a key initiative under the NSW Electricity Infrastructure Roadmap to deliver clean, affordable and reliable energy to households and businesses across NSW. It will play a pivotal role in NSW's transition to a clean energy future and help the State achieve its net zero targets.

The project builds on the NSW Transmission Infrastructure Strategy, delivers a key element of the NSW Electricity Strategy and Electricity Infrastructure Roadmap, and supports the implementation of the Australian Energy Market Operator's 2020 Integrated System Plan.

*Figure 1: Project map showing CWO REZ location*



## 2.0 Engagement Approach

### 2.1 Learnings from previous stakeholder engagement

Our recent experience with regulatory stakeholder engagement highlighted the need for us to improve our regulatory engagement approach. We recognise that some stakeholders felt our approach was focussed on 'ticking boxes' rather than a values-focused commitment, and we will strive to do better.

We have adopted learnings from the AER's determination of our Waratah Battery Non-contestable Revenue Proposal which suggested that Transgrid conduct separate engagement on smaller projects, to gain greater input from stakeholders.



In addition, the AER recommended that stakeholders participate in the development of a revenue proposal and the positions contained within, as much as practicable. As such, deep dives will be held with the TAC on the CWO REZ Revenue Proposal and we will clearly articulate elements of the proposal that the TAC can influence. We will implement the following improvements:

- Dedicating sufficient time to engagement on each individual project, through a series of deep dives
- Taking time to understand stakeholders' preferences and values and using those to formulate meaningful viable options
- CWO REZ Deep Dives will focus on engaging with the TAC on the issues and outcomes they are able to have some influence over
- Focussing engagement on stakeholder preferences and values. The first deep dive will focus on the engagement approach
- Setting out in the proposal, how the proposal has been informed and influenced by stakeholder engagement, thereby giving the AER and CCP opportunity to take stakeholder influence into account in their assessments of revenue proposals.

We will continue working with key stakeholders to refine and improve our regulatory engagement approach, to enhance customer outcomes and better meet stakeholder needs and expectations.

## 2.2 Best practice frameworks

Transgrid is committed to establishing and maintaining genuine relationships with stakeholders and the community throughout the planning, delivery and ongoing operation of our major projects.

Our regulatory engagement approach for the CWO REZ Revenue Proposal is guided by the IAP2 public participation spectrum. The spectrum is widely used and well recognised as a guideline for formulating a best-practice approach to stakeholder and community engagement.

As outlined in Section 2.1, Transgrid recognises the need to refine and improve our regulatory stakeholder engagement approach. After reflecting on our recent experience and performance, we recognise that much of our previous engagement sat at the baseline 'inform' level of engagement.

Our goal for the CWO REZ Revenue Proposal is to progress to the 'consult' level of engagement. In our engagement, we will outline and discuss the levels of engagement and influence of the TAC on the CWO REZ Revenue Proposal and explain why they have less influence over other elements.

In addition to the IAP2 spectrum, our regulatory engagement approach is guided by the AER's *Better Resets Handbook*, which sets out the AER's expectations of how network businesses should engage with consumers and how outcomes of that engagement should be reflected in proposals. These expectations are principles-based and cover:

- ▶ **the nature of engagement** - How networks engage with consumers, with the expectation that networks will genuinely partner with consumers and equip them to effectively engage in the development of their regulatory proposals.
- ▶ **the breadth and depth of engagement** - Engagement should be deep, covering the outcomes consumers want to see, how they would like to be engaged with, and the inputs to the regulatory proposal. Engagement should also have breadth and cover multiple ways of engagement.
- ▶ **clearly evidenced impact of this engagement** – Networks need to clearly show how consumer views have been considered and reflected in their regulatory proposals.

## 2.3 Engagement objectives and principles

We will focus our engagement on key issues where stakeholders can have the greatest impact on the proposal, where their opinion would genuinely influence and guide final outcomes.

Our core engagement objectives for the CWO REZ Revenue Proposal are to:

- Provide clear, concise information about the CWO REZ Revenue Proposal to ensure TAC members can provide informed feedback
- Understand and address consumer and customer issues, priorities and preferences in relation to the CWO REZ Revenue Proposal
- Respond to feedback on the CWO REZ Revenue Proposal and be transparent about the decisions Transgrid makes, and why

The following principles will guide our stakeholder engagement approach for CWO REZ Revenue Proposal:

- ▶ **Genuine** – we will engage with stakeholders early, and often, to ensure there is time for stakeholder feedback to be considered and integrated into the project. The engagement program will be led by our senior executives and will involve key project decision makers.
- ▶ **Inclusive** – we will engage with a broad variety of stakeholders, representing a diverse range of views and interests. We will provide a range of engagement opportunities, using various methods, enabling stakeholders to have meaningful involvement in the project.
- ▶ **Accessible** – we will avoid jargon and use plain English to ensure communications materials are clear, concise and easy to understand. We will provide stakeholders with information materials in a timely manner, to ensure they can participate in a meaningful way.
- ▶ **Responsive** – we will work with stakeholders to regularly review and refine our engagement approach to meet stakeholder needs and preferences.
- ▶ **Transparent** – we will engage openly, honestly and transparently. We will report back to stakeholders to demonstrate how we have considered their feedback, the decisions we make and why.

## 3. Stakeholder analysis

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### 3.1 Stakeholder identification

Table 1 identifies the key stakeholders for CWO REZ and their estimated level of engagement, based on the IAP2's public participation spectrum. We will work collaboratively with stakeholders to ensure our level of engagement meets stakeholder interests and expectations.

Regulators and decision-making bodies and the TAC are identified as having a high level of interest and potential influence over the outcome of the proposal. As a result, we will closely consult and involve these stakeholders throughout the process of preparing the CWO REZ Revenue Proposal.

This plan addresses regulatory stakeholder engagement. A separate plan has been prepared detailing our approach for community engagement, including stakeholders such as State and Federal Members, state and local government departments, landowners, community groups and media.

Table 1: Summary of key project stakeholders

Stakeholder	IAP2 participation goal	Potential issues/concerns	Mitigation
<b>Project partners</b> EnergyCo ACE Energy (construction of REZ)	Inform, consult and involve	<ul style="list-style-type: none"> <li>• Accuracy and uncertainty of forecast costs</li> <li>• Level of confidence in Transgrid's ability to deliver project</li> <li>• Timing of delivery of project and customer risk</li> <li>• Assumptions behind costs</li> <li>• Allocation from proposed CWO REZ budget</li> <li>• Transparency and consistency of costs</li> <li>• Adverse regulatory decision</li> <li>• Learnings from other projects</li> </ul>	<ul style="list-style-type: none"> <li>• Early and regular engagement, based on better practice principles</li> <li>• Regular engagement with Transgrid at a senior level</li> <li>• Submitting an application that complies with rule requirements and demonstrates prudence and efficiency</li> <li>• Effective engagement with key stakeholders</li> <li>• Apply learnings and examples from other projects</li> </ul>
<b>Regulators</b> Australian Energy Market Operator (AEMO) Australian Energy Regulator (AER) Australian Energy Market Commission (AEMC)	Inform, consult, involve	<ul style="list-style-type: none"> <li>• Adverse regulatory decision</li> <li>• Level of confidence in Transgrid's ability to deliver the project</li> <li>• Security and reliability of NEM</li> <li>• Effective engagement with stakeholders</li> <li>• Timing of delivery of project and customer risk</li> <li>• Assumptions behind costs</li> <li>• Allocation from proposed CWO REZ budget</li> <li>• Transparency and consistency of costs</li> <li>• Learnings from other projects</li> <li>• Expectations for consumer engagement under AER guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Submitting an application that complies with rule requirements and demonstrates prudence and efficiency</li> <li>• Early engagement and application of better practice engagement principles</li> <li>• Regular engagement with Transgrid senior leaders</li> <li>• Transgrid Regulators' expectations for the scope and content of the application is understood</li> <li>• AER to observe TAC engagement and brief TAC on their engagement expectations</li> <li>• Circle back on stakeholder feedback and reference support/opposition of stakeholders in the Revenue Proposal</li> </ul>
<b>TAC/Consumer representatives</b> Australian Industry Group City of Sydney Energy Consumers Australia Clean Energy Council Energy Users Association of Australia Ethnic Communities Council NSW Infrastructure Partnerships Australia Business Council of Australia Regional Australia Institute Justice and Equity Centre Snowy Hydro St Vincent de Paul Society Independent TAC members	Inform, consult and involve (engagement approach)	<ul style="list-style-type: none"> <li>• Prudent and efficient outcomes for consumers</li> <li>• Effective engagement</li> <li>• Understand how TAC feedback has been considered in the Revenue Proposal</li> <li>• Project impacts versus benefits</li> <li>• Social and environmental risks and benefits</li> <li>• Reliability and security of supply</li> <li>• Timing delays</li> </ul>	<ul style="list-style-type: none"> <li>• Regular engagement with Transgrid at a senior level</li> <li>• Collaborative engagement approach</li> <li>• Deep dives and one-on-one sessions offered to TAC members</li> <li>• Deep dive focussed on 'circling back' on their feedback</li> <li>• Clearly articulate the level of influence the TAC can have on the Revenue Proposal</li> </ul>

## 4 Communication and engagement tools

### 4.1 Summary of communication and engagement tools

Table 2 shows the range of tools we will use to communicate and engage with stakeholders for the CWO REZ Revenue Proposal.

Regular consultation and collaboration with the TAC (see section 4.2), is a key element of our regulatory engagement approach. This is supported by stakeholder briefings and meetings and information materials. We will work with stakeholders to monitor and review the effectiveness and adequacy of these tools and make changes as needed, throughout the engagement process.

Table 2: Communication and engagement tools

Engagement tool	Purpose
TAC meetings	<p>Collaborative meetings (primarily deep dives) with TAC members to provide updates and discuss key elements for the CWO REZ Revenue Proposal.</p> <p>Collaborative approach to the format and content of TAC meetings with TAC members, based on areas where they have the most influence.</p> <p>The AER presented to the TAC on 9 July, on their role in determining proposals, using CWO REZ as an example, and how the TAC can influence the Proposal.</p>
Stakeholder briefings and meetings	Briefings/meetings with key stakeholders to provide updates on CWO REZ Revenue Proposal, the overall progress of the project and to address issues of concern – as required and relevant.
Key messages	Updated CWO REZ project key messages to reflect and address key issues relating to CWO REZ Revenue Proposal.
Media	Pre-prepared release and holding statements on key issues / opportunities to promote project progress and support timely issues management.
Website	<p>Updates to the project webpage to reflect latest project news and developments, promote engagement opportunities and facilitate feedback processes.</p> <p>Provides a one-stop-shop for communications materials including newsletters, fact sheets and presentation materials.</p>

### 4.2 Transgrid Advisory Council (TAC) engagement

Regular involvement and collaboration with the TAC is a key element of our regulatory engagement approach for the CWO REZ Revenue Proposal. The TAC provides a channel for stakeholders to shape our CWO REZ Revenue Proposal by discussing key issues and challenges, sharing feedback and consulting them on key elements of the proposal.

On 20 June, we involved the TAC on the proposed objectives for engaging with the TAC for the CWO REZ Revenue Proposal. The TAC generally accepted the following objectives:

- Provide clear, concise information about the CWO REZ Revenue Proposal to ensure TAC members can provide informed feedback
- Understand and address consumer and customer issues, priorities and preferences in relation to the CWO REZ Revenue Proposal

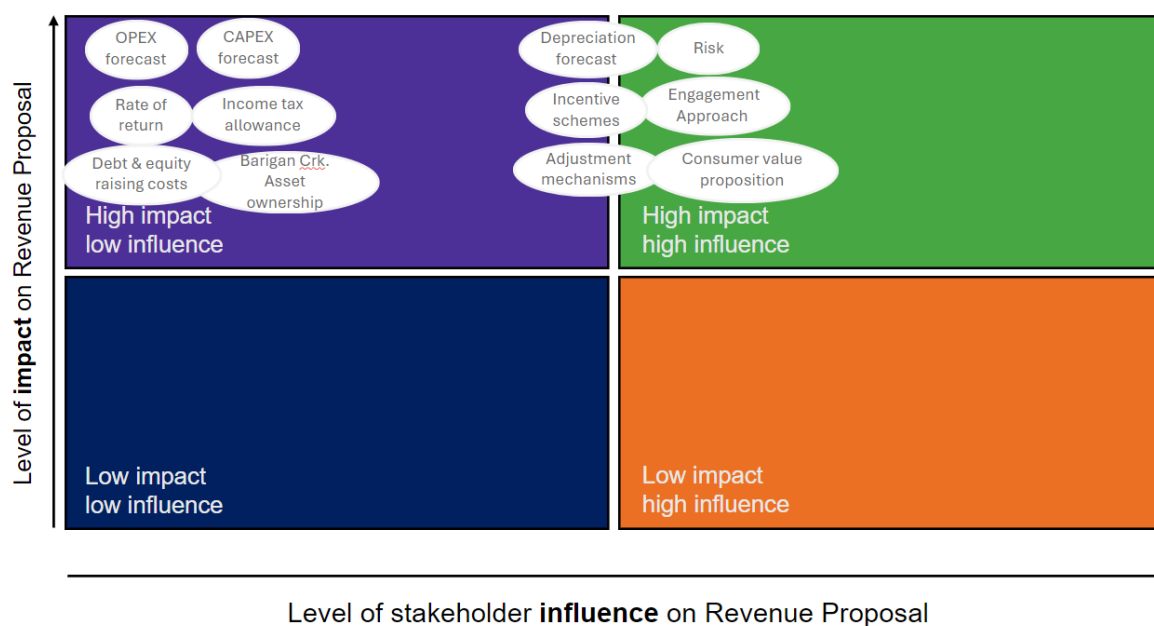


- Respond to feedback on the CWO REZ Revenue Proposal and be transparent about the decisions Transgrid makes, and why.

In consultation with TAC members, our engagement with the TAC for the CWO REZ Revenue Proposal will focus on the elements where they will have the greatest influence, which is reflected in Figure 2, presented to the TAC on 20 June, for discussion.

- Engagement approach ('involve' level of engagement) – completed on 20 June 2024
- Depreciation forecast ('consult' level of engagement)
- Incentive schemes ('consult' level of engagement)
- Adjustment mechanisms ('consult' level of engagement)
- Risk ('consult' level of engagement)
- Project consumer value proposition
- While the OPEX and CAPEX forecasts are areas where the TAC will have less influence on, we will 'inform' the TAC on these elements and will incorporate feedback to the extent possible.
- We will also 'inform' them on the Rate of Return, Income Tax allowance, Debt and Equity raising costs and 'Barrigan Creek Asset Ownership'.

*Figure 2: TAC engagement level of impact and influence*



## 5.0 Engagement program

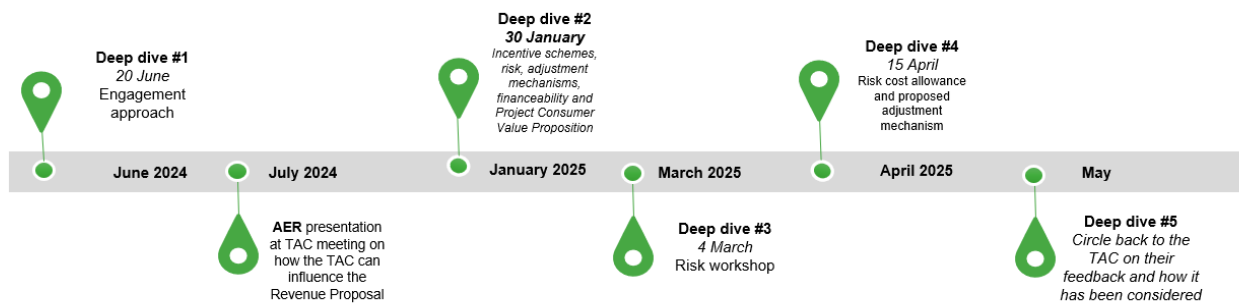
### 5.1 Regulatory determination process

Transgrid's CWO REZ Revenue Proposal will follow the standard regulatory determination process as summarised in Table 3 below.

Table 3: Summary of regulatory determination process

Stage	Standard
Start pre-lodgement	Commence pre-lodgement engagement with the TAC. AER observe engagement process with TAC.
AER pre-lodgement engagement	Preliminary AER staff view on issues as it develops regulatory proposal and invite AER to attend customer engagement processes. AER staff may provide advice on ad-hoc basis.
Draft Regulatory proposal	Consider publishing a draft proposal to consult on.
Forum and submissions	Seek stakeholder feedback on proposal. Issues paper highlights AER view of key themes and issues raised by a proposal
AER Draft decision	AER uses its discretion in determining the extent of assessment required, including any elements within the proposal that can be subject to a targeted review, Draft decision to outline whether any parts of the proposal have met the Handbook expectations and subject to a targeted review.
Revised proposal/AER final decision	Standard assessment process using the AER's full range of assessment tools, including on new issues raised in the revised proposal.

Figure 3: CWO REZ Revenue Proposal engagement program



## 5.2 Monitoring, reporting on feedback and review

The overall measure of this regulatory engagement program's success will be reflected by the extent to which stakeholders support our Revenue Proposal, feedback from the AER on our engagement as observed by the AER and its CCP representative.

We will reference in the Revenue Proposal, to the extent possible, TAC support or opposition of elements of the revenue proposal and explain how this support or opposition is addressed or justified, including areas where the TAC has no influence or was agnostic. We will also circle back to the TAC on how their feedback was considered and used or explain why it was not reflected in the proposal. A deep dive allocated to this will be scheduled.

We will also encourage TAC members to provide feedback through the AER's engagement process. At a TAC meeting on 9 July, the AER outlined to TAC members, how they can provide feedback and add value to the Revenue Proposal.

We will monitor and review this regulatory engagement program on an ongoing basis to identify new stakeholders, respond to any new or emerging issues, and to ensure our engagement techniques are effective and meet best-practice standards. This includes through a meeting poll that measures our engagement performance.

We will also seek direct feedback from stakeholders to evaluate:

- whether stakeholders feel they have been fairly represented in the engagement process
- whether stakeholders feel they have had adequate opportunity to participate in the engagement process
- whether stakeholders feel their feedback and concerns have been adequately addressed in the CWO REZ Revenue Proposal.

We will also monitor attendance, participation and engagement in TAC meetings, review community issues and trends and monitor any coverage of the project in the media.

## 6.0 Governance

### 6.1 Roles and responsibilities

Table 4 below provides a detailed list of key project roles and responsibilities within Transgrid.

Table 4: Overarching roles and responsibilities for the CWO REZ Revenue Proposal

Role	Responsibility
Dedicated CWO REZ Revenue Proposal engagement team:	
Senior Manager Corporate and Stakeholder Engagement	Strategic oversight of engagement function Implementation of best practice engagement Work closely with Transgrid Advisory Council contacts Collateral review and management of approvals required by Project Director and Executive Key stakeholder relationships Team management Stakeholder briefings Transgrid liaison and team meetings Reporting to the Executive
Senior Advisor- Stakeholder Engagement	Develop, in consultation with Manager, the CWO REZ Revenue Proposal Engagement Plan Coordination of CWO REZ collateral and materials for meetings Secretariat duties for meetings Report writing and report inputs Tracking action plan deliverables and feedback Engagement risk identification and mitigation Database entry (Salesforce CRM)
CWO REZ Revenue Proposal project team management:	

Role	Responsibility
Executive General Manager Stakeholder, Regulatory and Corporate Affairs	Responsible for community, stakeholder & government engagement, regulation, and policy at Transgrid
Executive General Manager Major Projects	Project Sponsor providing executive oversight of project delivery
General Manager – Stakeholder, Government and Advocacy	Responsible for executive level key stakeholders and delivery of community, stakeholder, and government affairs engagement
General Manager of Regulation and Policy	Responsible for executive level key stakeholders and delivery of regulatory engagement and relationships with regulators
Project Director – CWO REZ	Responsible for executive level stakeholders (internal and external) and approvals and overall delivery of project
General Manager Emerging Projects	Provide executive oversight of Energy Projects. Manage relationship with EnergyCo
General Manager of Network Planning	Provide executive oversight of network planning
Commercial Manager – CWO REZ	Provide commercial expertise and advice to support the Revenue Proposal
Media and Communications Manager – Major Projects	Responsible for project communications and media
Program Director – Stakeholder Relations Major Projects	Responsible for quality assurance across engagement activities and consistency across all major projects
Government and Stakeholder Relations Manager	Lead and deliver government relations and maintain project stakeholder relationships

## 6.2 Data management

We will use a protected Customer Relationship Management (CRM) tool, Salesforce, to securely store stakeholder and engagement details. This includes information on the type of engagement activities undertaken and feedback received. We will use this data to track key issues of concern and for internal reporting purposes.

Meeting summaries and action items will be captured for each meeting and shared with TAC members for review and feedback.

## 6.3 Contact us

If you have any questions or feedback in relation to this plan, please email [stakeholderengagement@transgrid.com.au](mailto:stakeholderengagement@transgrid.com.au)