

Attachment 1: Stakeholder Engagement



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1. Purpose and key messages

This Attachment forms part of Transgrid's application to reopen the 2023-28 Revenue Determination in accordance with clause 6A.7.1 of the NER (**Application**). The purpose of this Attachment is to provide further information on the process and outcomes of Transgrid's engagement with the Transgrid Advisory Council (**TAC**) in relation to this Application. We describe the feedback we have received from TAC members and how this has been taken into account in preparing this Application. While this Attachment is focused on the TAC as Transgrid's principal stakeholder engagement forum, Transgrid welcomes feedback from all stakeholders on this Application.

Key messages

- During the development of this Application, Transgrid engaged with the TAC, which is Transgrid's principal stakeholder engagement forum comprising consumer, business and industry representatives.
- TAC members have expressed a range of views in relation to Project EnergyConnect (**PEC**) and this Application. The feedback from TAC members has centred around the following topics:
 - the design of the regulatory framework and the risk sharing arrangements
 - Transgrid's decision to negotiate an Incentivised Completion Cost (**ICC**) contract with Elecnor Australia
 - the increased costs of delivering PEC and affordability considerations
 - whether the TAC should have been consulted prior to Transgrid taking that decision on behalf of consumers
 - the increased costs of delivering PEC and affordability considerations
 - whether 'Contract Failure' is a shipwreck event, as described by the Australian Energy Market Commission (**AEMC**), and
 - whether Transgrid should make an Application to reopen the 2023-2028 revenue determination.
- Transgrid has carefully considered the feedback provided by the TAC, including feedback from some TAC members that Transgrid should delay its recovery of costs until the next regulatory period, rather than submit this Application. We have also reflected on the frustrations expressed by some TAC members that engagement has been constrained by commercial sensitivities and potential litigation.
- In deciding to proceed with this Application, Transgrid has had regard to:
 - the purpose of the reopener provisions, which are designed to manage risk in accordance with the long-term interests of consumers, and
 - the significant financial commitments made by the company to deliver PEC.
- We acknowledge stakeholder concerns regarding affordability. Transgrid has decided not to seek cost recovery through the reopener Application in relation to its 'active client' role in managing the new ICC contract, even though these costs fall within the scope of the reopener

provisions. The AER will assess the prudence and efficiency of these and other costs not recovered through this Application in an ex post review.

- Transgrid also acknowledges the constrained nature of the engagement with the TAC, given the outstanding commercial and legal issues prior to executing the ICC contract. Transgrid considers that the recent execution of the Non-Disclosure Agreements (**NDAs**) by additional TAC members will assist in addressing this issue for future engagements and ease the TAC's frustrations that have arisen in this more constrained process.
- Transgrid appreciates the TAC's on-going engagement with Transgrid in relation to PEC and welcomes stakeholder feedback on this Application as the AER works towards its determination in accordance with the NER.

2. Engagement approach and outcomes

Transgrid recognises the importance of engaging with our stakeholders, particularly in relation to major transmission projects such as PEC. During the development of this Application, Transgrid engaged with the TAC, which is our principal stakeholder engagement forum. TAC members include consumer advocates and representatives from industry and business, with meetings facilitated by Transgrid's Executive Leadership Team (**ELT**) to ensure the TAC's views are heard at the most senior level and shared broadly across Transgrid.

Our engagement approach is underpinned by the Engagement Institute's (formerly the International Association of Public Participation (**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. In addition, Transgrid's 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 regulatory proposals.

The following principles of engagement underpin Transgrid's approach to stakeholder engagement:

- **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 communication materials are clear, concise and easy to understand. We will provide stakeholders with information and 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.

Transgrid's engagement approach in relation to this Application aligns with 'inform to consult' on the Engagement Institute's spectrum. Transgrid engaged extensively with the TAC through six deep dive sessions commencing in September 2024. A further workshop was held in November 2025 to obtain feedback from the TAC on our draft Application. Details of this engagement, including the views of the TAC members and Transgrid's responses, are provided in Appendix A.

To focus the engagement on those matters that were relevant to the Application, we referred to but did not revisit the AER's approval of the original Contingent Project Application (**CPA**) or the decision made by the AEMC to introduce the capex reopener provisions. Instead, the focus of the engagement discussed the

options available to Transgrid at the time of the event (Contract Failure¹); Transgrid's decision to negotiate an ICC contract with Elecnor Australia; and the extent to which consumers or Transgrid should bear the increased costs. In addition to these topics, Transgrid and TAC members recognised the affordability concerns facing many consumers and the importance of keeping costs to consumers as low as possible.

In relation to Transgrid's engagement approach, it was evident during the deep dive sessions and workshops that some TAC members were frustrated that Transgrid had not involved the TAC more directly in its decision-making. From Transgrid's perspective, the commercially sensitive nature of the negotiations and the potential for litigation meant that it would be highly risky to engage the TAC directly in its deliberations. These concerns were exacerbated by press leaks during the negotiation process that had the potential to undermine the successful rectification of the Contract Failure.

Transgrid acknowledges the frustration of some TAC members with the engagement process for PEC. Our preference is to engage as openly and constructively as possible, having regard to the commercial sensitivities and risks. In that regard, Transgrid welcomes the decision by TAC members to sign NDAs, noting that these agreements will enable Transgrid to share commercially sensitive information more readily with the TAC. While we acknowledge that some TAC members had signed NDAs some time ago, as a practical matter it is challenging to share commercially sensitive information with a subset of the TAC.

¹ Contract Failure, and the exogenous circumstances contributing it, is defined in Transgrid's Main Application.

3. Draft Application Feedback

As part of the engagement process, we shared a draft Application (including an earlier version of this Attachment) with the TAC. In addition to receiving written comments, Transgrid held an externally facilitated workshop to capture the feedback from TAC members, which was attended by AER staff, Transgrid Board members, CEO and CFO.

Some TAC members took the opportunity to reflect on the PEC project and the regulatory framework more broadly. The key points raised by those TAC members are summarised below:

- Transgrid's presentation of the TAC's feedback needs to be balanced, reflecting the diversity of views within the TAC.
- The PEC project has impacted consumers' trust in the energy transition. In particular, there has been a 'collective failure' by Transgrid, the AER and AEMO to protect the interests of consumers in relation to PEC.
- The regulatory framework creates tension between Transgrid's obligations to shareholders and the interests of consumers.
- The PEC project and reopener should be examined across three time periods:
 1. 'Entering into contracts'
 2. 'Missing 9 months following Clough insolvency'
 3. 'Period after TAC was informed of Transgrid's intention to apply for a reopener'

The first period should focus on how risk was allocated through the EPC contract and Transgrid's oversight of the project, recognising that the contractor was responsible for delivering the project. There should be collective responsibility taken for allowing a contract to be outsourced, especially as consumers are ultimately bearing the risk now.

The second period is relevant to the question of whether Contract Failure is an eligible event under the NER, and whether it constitutes a 'shipwreck' event rather than being a contracting issue, and whether it is credible that the event was unforeseeable.

The third period focuses on the engagement process once the TAC was informed that Transgrid may apply for a reopener.

- We need to collectively learn from this process and ask whether the overall outcome for consumers is 'right', irrespective of the current framework. This learning should also consider the specific circumstances at the time and the unprecedented changes in the contracting market.

Transgrid has listened carefully to the TAC's feedback and sought to address the specific points raised in this Application, as detailed in the next section.

4. Summary of TAC feedback and how we have taken this into account

A summary of the key issues raised across all TAC meetings, and how these were taken into account when preparing this Application, are set out in Table 1 below. We acknowledge that there are a range of views across TAC members, including some TAC members who do not support the submission of this Application. The table below summarises the TAC’s views (which may not be held universally by all members). Further detail on the specific meetings held, key focus areas and feedback is provided in Appendix 1 to this Attachment.

Following the publication of this Application, Transgrid expects further engagement from a broader range of consumers and stakeholders, including equity and debt investors in the Australian energy sector and the relevant Ratings Agencies, given the significance of the investment and the importance of the reopener provisions to investor confidence.

Table 1: Key points of feedback from the TAC

Feedback	How we have taken this into account
<p>Rationale for the PEC project</p> <p>Some TAC members expressed strong support for PEC, others queried whether the case for proceeding with PEC remained valid, and whether benefits analysis is the appropriate ‘test’ for the AER to follow.</p>	<p>Following the failure of the Engineering, Procurement and Construction (EPC) contract to deliver PEC, Transgrid engaged EY and HoustonKemp to conduct a net market benefit assessment to confirm whether proceeding with PEC remained in the long-term interests of consumers and if so, which option would maximise the benefit for consumers. While this assessment is not a regulatory requirement for Transgrid to have completed for this Application, it confirms that PEC will provide significant net benefits despite the increase in costs. This analysis was presented to the TAC in January 2025 and is provided in full as part of this Application (as an Appendix to Attachment 3).</p> <p>In response to TAC feedback, Transgrid also sought further technical advice from GHD on the reliability and security of supply implications if PEC did not proceed. This confirmed that PEC provides material reliability and security benefits. GHD’s advice was presented to the TAC in May 2025 (with GHD in attendance to answer queries) and GHD’s report is provided as part of this Application. Transgrid also consulted with ElectraNet, who have confirmed the importance of PEC to reliability and security of supply in South Australia.</p>
<p>Consumer engagement in decision to proceed</p> <p>Some TAC members queried whether the decision to proceed with a new contract with Elecnor was in the interests of consumers and if it was, whether Transgrid should have engaged the TAC</p>	<p>On behalf of consumers, Transgrid undertook a 14-month process to confirm and secure the most favourable arrangements for completing PEC. The steps were discussed with the TAC and are explained in section 2.3 of the Main Application and elaborated upon in Attachment 3. Transgrid accepts that not all of these steps were discussed with the TAC prior to being undertaken.</p> <p>As outlined in the TAC Terms of Reference 2024, part of the TAC’s role is to inform and challenge Transgrid’s investment in the transition</p>

Feedback	How we have taken this into account
<p>earlier in the process to provide input into the decision to proceed.</p>	<p>to clean energy infrastructure to help ensure prudent, efficient and fair outcomes for consumers, customers and communities.</p> <p>Transgrid was unable to seek direct input from the TAC on the contract negotiations with Elecnor Australia or the market process to engage an alternative contractor due to the confidential and market sensitive nature of those processes, and the potential for litigation. Instead, we undertook comprehensive analysis to ensure that our decisions were in the best interests of consumers. This analysis has been discussed with the TAC as part of the engagement in relation to this Application.</p> <p>We acknowledge that some TAC members would prefer to have been engaged in Transgrid's decision-making and are not satisfied with 'inform to consult' on the Engagement Institute's public participation spectrum.</p> <p>Transgrid will consider when and how to engage with the TAC on confidential matters in future, noting that some TAC members have only recently signed non-disclosure agreements. These agreements allow for deeper engagement on topics that are highly commercially sensitive and contain confidential information.</p>
<p>Protection of consumer interests and consumer trust</p> <p>Related to the above, some TAC members suggested that Transgrid has prioritised its obligations to shareholders and consumers' interests have not been protected in delivering PEC. These members articulated a broader impact to consumer trust that the industry will manage the energy transition, and suggested a collective 'lessons learnt' exercise for PEC.</p>	<p>Transgrid acknowledges the impact of the Contract Failure on electricity consumers. Throughout the process we have taken steps to protect the interests of consumers by taking appropriate action in response to emerging problems and by securing a new contract to deliver PEC which was the best available option in the circumstances.</p> <p>If Transgrid had paused or abandoned the project, as some TAC members have suggested, it would have led to a worse outcome, through a substantial loss of project benefits and increased costs. While we acknowledge that some TAC members consider that there has been a 'collective failure' by Transgrid, the AER and AEMO to protect consumers, we do not share that view.</p> <p>Nevertheless, in delivering PEC, which is part of the first wave of new investment in the NEM backbone for many years, Transgrid recognises that valuable lessons can and should be learned. Transgrid welcomes an opportunity to undertake a comprehensive learning exercise in conjunction with other organisations, such as the AER and AEMO, and other network service providers.</p>
<p>Transgrid's actions and market understanding</p> <p>Some TAC members questioned whether Transgrid could have intervened in the project earlier,</p>	<p>Attachment 2 describes the competitive tender process that Transgrid undertook to procure the EPC contract and our subsequent management of that contract, which included regular briefings and engagement with Transgrid's Board. At each and every stage,</p>

Feedback	How we have taken this into account
<p>sought more substantial protections in the EPC contract (e.g. hedging, insurance) or foreseen the impacts to Elecnor Australia.</p> <p>Other TAC members highlighted the realities that contract terms and conditions must ‘meet the market’ and the unique challenges arising in relation to PEC which have been entirely unusual and unprecedented.</p>	<p>Transgrid acted appropriately to hold the contractor to account and respond to emerging issues as circumstances changed.</p> <p>Transgrid could not have prevented the issues that led to Contract Failure, nor reduced its impact by stepping in sooner. The resolution of the Contract Failure was itself a complex and lengthy exercise as Transgrid worked to secure the best outcome on behalf of consumers. Further detailed information on all of these matters is provided in Attachments 2, 3, 5 and 6.</p>
<p>Use of reopener provisions and the ‘event’</p> <p>Some TAC members were generally supportive of the use of the reopener provisions for PEC, others suggested that Transgrid should delay the recovery of its increased capital expenditure until the next determination period.</p>	<p>Transgrid considers that the circumstances leading to the change in the contractual arrangements to deliver PEC fall within the relevant provisions of the NER. Following the TAC’s feedback, Transgrid sought additional advice on the applicability of the NER to the event of Contract Failure (particularly on the issues of reasonable foreseeability and control) which has informed this Application. Further information on the event, and the multiple exogenous and compounding factors contributing to it, is provided in Attachment 2.</p> <p>Conceptually, reopeners provide network companies (and their investors) with sufficient confidence that if they respond to an event to protect consumers interests – even if actual costs significantly exceed the ex-ante forecast – the costs incurred can be recovered providing that they are prudent and efficient. As such, reopeners facilitate timely investment for the benefit of consumers by providing confidence to the wider electricity supply chain that prudent and efficient costs will be recovered.</p>
<p>Shipwreck event</p> <p>Some TAC members questioned whether Contract Failure is an eligible event under the NER, and whether it constitutes a ‘shipwreck’ event as defined by the AEMC, rather than being a contracting issue.</p>	<p>To address this issue, we have included an explanation of the AEMC’s discussion of ‘shipwreck event’ in its 2006 Rule determination in section 1.5 of the Main Application. In addition, section 1.6 of the Main Application explains that ‘shipwreck’ event is defined in relation to the impact of the event on the network company’s capital expenditure requirements (i.e. that the impact of the event must exceed 5% of its RAB). The reopener provisions have therefore been drafted broadly to encompass a wide range of possible events, which is then narrowed by setting pre-conditions that must be satisfied for a reopener Application to be allowed. In relation to Contract Failure, each of these pre-conditions have been met and, therefore, it is a shipwreck event of the kind contemplated by the AEMC.</p>

Feedback	How we have taken this into account
<p>Sharing of costs</p> <p>Some TAC members consider that it would be more appropriate for the full cost overrun to be borne by Transgrid, rather than by consumers, suggesting that Transgrid should be exposed to a Capital Expenditure Sharing Scheme (CESS) penalty on the full amount of the overspend and should also be subject to some additional 'sharing' of the overspend beyond the CESS penalty regime (for example, that Transgrid should not seek to recover some of its prudent and efficient expenditure in either the reopener or following an ex post review).</p> <p>Other TAC members suggested that the reopener should not be pursued, and instead the AER should provide relief in relation to any CESS penalty where the expenditure is found to be prudent and efficient.</p>	<p>We are not seeking to recover the full amount of the overspend as part of this Application. A portion of the total project overspend does not fall within the scope of the cost principles for the reopener (explained in Attachment 7), and as mentioned above Transgrid has also decided not to seek recovery of eligible 'active client' costs (approximately \$50m) as part of this Application for the purposes of reducing cost impacts to consumers. The costs not recovered in this Application will be an 'overspend amount', which Transgrid expects to be assessed by the AER in its ex-post review.</p> <p>While uncertain and subject to various assumptions, even after allowing for the reopener amount, the net cost to shareholders is expected to be in the order of \$130 million. This estimated cost recognises that the overspend amount will be financed at the cost of equity rather than the weighted average cost of capital (WACC), until the expenditure is included in Transgrid's RAB. It also recognises that Transgrid's shareholders may be exposed to financial penalties under the CESS in relation to any overspend amount.</p> <p>More generally, we note that the regulatory framework should provide a TNSP with a reasonable opportunity to recover its prudent and efficient costs. Furthermore, the existing allowed rate of return has been set to reflect the arrangements for managing risk, including the reopener provisions. Given that context and the design of the regulatory framework, Transgrid considers that it is reasonable to submit this Application noting that it complies with the reopener provisions in the NER.</p>
<p>Contracting approach and allocation of risk</p> <p>Some TAC members questioned whether an EPC contract, which allocated risks to the contractor, was the appropriate commercial construct for PEC.</p> <p>Other TAC members queried whether the reopener may represent a shift in the risk allocation towards consumers and away from Transgrid and/or the contractor (noting that consumers are not 'best placed' to manage the risk of Contract Failure).</p>	<p>Attachment 2 provides details of the decision to adopt an EPC contracting structure, which was the most appropriate contracting structure at that time, consistent with market standard. Consumers did not advocate for an alternative contracting structure, and the AER considered it to be prudent and efficient, as did Transgrid's management and Board.</p> <p>Transgrid does not consider that this Application changes the risk allocation between consumers and Transgrid. In fact, by adhering to the Rules provisions, this Application gives effect to the risk allocation that was established by the AEMC, having regard to the long-term interests of consumers. As a result of Contract Failure, the overall risk of delivering PEC that Transgrid and consumers had sought to transfer to the contractor has now reverted to Transgrid and consumers. Transgrid acted in good faith in seeking to transfer the risk but could not and did not provide any guarantee to consumers that the contractor would be able to manage that risk. If TNSPs are required to provide such guarantees, prices to consumers would need</p>

Feedback	How we have taken this into account
	<p>to be substantially higher to compensate for that risk exposure. While the AEMC did not comment on Contract Failure as an event, it concluded that it would be preferable to provide reopener provisions to allow the prudent and efficient cost of a 'shipwreck event' to be recovered by the TNSP if such an event occurs.</p>

Appendix 1: Summary of TAC Engagement

Meeting date	TAC Member Organisations represented	Key focus areas	Key issues and feedback provided	Transgrid response
25 September 2024 (Quarterly TAC meeting)	Australian Industry Group Business Council of Australia Clean Energy Council Energy Users Association Australia Ethnic Communities Council of NSW Independent (Regulatory Consultant and Lecturer) Infrastructure Partnerships Australia Justice and Equity Centre Snowy Hydro St Vincent de Paul	<ul style="list-style-type: none"> • Overview of challenges being experienced with PEC's EPC contract • Transgrid's commitment to the delivery of PEC at the most efficient cost to consumers • Options being explored by Transgrid to determine the best way forward, including a potential capex reopener • Flagged further engagement with the TAC on PEC 	<ul style="list-style-type: none"> • Questions over which process (i.e. capex reopener or ex post review) gives consumers the greatest confidence and protection that the final cost will still deliver net benefits 	<ul style="list-style-type: none"> • Information on the regulatory framework and pathways available for cost recovery presented in subsequent engagement meetings
29 October 2024 (TAC Focus Area meeting –	Energy Users Association Australia Independent (Regulatory Consultant and Lecturer)	<ul style="list-style-type: none"> • Description of the 'event' • Options under consideration by 	<ul style="list-style-type: none"> • Unforeseen events should be dealt with through pass throughs or contingent projects, rather than a capex reopener 	<ul style="list-style-type: none"> • Two separate, independently facilitated workshops were held for deeper discussion on risk

Meeting date	TAC Member Organisations represented	Key focus areas	Key issues and feedback provided	Transgrid response
EnergyConnect Deep Dive #1)	Justice and Equity Centre Snowy Hydro St Vincent de Paul	Transgrid for progressing PEC <ul style="list-style-type: none"> • Pre-requisites for a capex reopener • Engagement and next steps 	<ul style="list-style-type: none"> • Concerns with 'shipwreck event' being an unforeseen event • The need for further information and deeper discussion on the treatment and evaluation of risks • Need for balance between what is reasonable to predict and what businesses should manage in terms of risk • View that Transgrid is better placed than consumers to handle project risks 	evaluation and allocation <ul style="list-style-type: none"> • Information presented at subsequent meetings on cost recovery pathways and the capex reopener pre-conditions in the NER
27 November 2024 (Risk Allocation Workshop and TAC Focus Area meeting – EnergyConnect Deep Dive #2)	Business Council of Australia Clean Energy Council Commonwealth Bank of Australia Energy Consumers Australia Energy Users Association Australia	<ul style="list-style-type: none"> • Risk workshop was chaired by SEC Newgate • Transgrid's approach to risk allocation for major projects • AER and Justice Equity Centre presented their views on risk allocation 	<ul style="list-style-type: none"> • Risks should be allocated to parties best placed to manage them. There was concern about the adequacy of current frameworks, especially for large, first-of-their-kind projects like PEC • Need for robust, face to face engagement to 	<ul style="list-style-type: none"> • Commitment provided to revisiting the risk allocation principles and problem statement to better reflect stakeholder feedback • Recognition that this is a strong theme and agreement that assumptions about consumer preferences

Meeting date	TAC Member Organisations represented	Key focus areas	Key issues and feedback provided	Transgrid response
	<p>Independent (Regulatory Consultant and Lecturer)</p> <p>Independent (Landowner Advocate)</p> <p>Justice and Equity Centre</p> <p>St Vincent de Paul</p>	<ul style="list-style-type: none"> Context and timeline of events on PEC and Transgrid's response Options under consideration by Transgrid for progressing PEC 	<p>understand consumer risk appetite</p> <ul style="list-style-type: none"> Missed opportunities for earlier engagement on PEC and a lack of visibility into how decisions and trade-offs are made. Questions over Transgrid's position that the prolonged deferment or cancellation of PEC presented network reliability concerns Some objections to Transgrid's proposal to submit an application to reopen the 2023-28 determination A preference for the issues on PEC to be addressed through an ex post review Objection to measures that result in consumers carrying more costs than already approved for PEC 	<p>should be made based on evidence</p> <ul style="list-style-type: none"> Second risk workshop scheduled and commitment made to providing clearer materials on how risks are identified and managed at both Executive and Board levels

Meeting date	TAC Member Organisations represented	Key focus areas	Key issues and feedback provided	Transgrid response
30 January 2025 (TAC Focus Area meeting – EnergyConnect Deep Dive #3)	Australian Industry Group Business Council of Australia City of Sydney Commonwealth Bank of Australia Energy Consumers Australia Energy Users Association of Australia Independent (Regulatory Consultant and Lecturer) Independent (Landowner Advocate) Justice and Equity Centre St Vincent de Paul	<ul style="list-style-type: none"> • Net market benefits assessment for PEC including methodology and results • Options assessed to progress PEC • Rationale for entering a new contract with Elecnor Australia • Forward engagement plan 	<ul style="list-style-type: none"> • Concerns about the project’s marginal benefits to consumers • Request for greater clarity around why Transgrid has a preference to submit a reopener application over an ex post review • Suggestion that Transgrid should provide a more proactive public narrative around the long-term benefits of PEC • Consideration of project abandonment as a viable option for PEC • Need for greater understanding of the implications if the AER does not approve a reopener Application 	<ul style="list-style-type: none"> • It was clarified the total net market benefits of (preferred) Option 4 were closer to \$1 billion (rather than the originally estimated \$450 million) – a material positive outcome • Assurance provided that the revised (ICC) contract with Elecnor Australia includes significant protections and guarantees to mitigate risks • Transgrid provided further information on why a reopener is preferred over an ex post review
12 February 2025 (Quarterly TAC meeting)	Australian Industry Group Business Council of Australia	<ul style="list-style-type: none"> • High level update on project progress under new contractual arrangements 	<ul style="list-style-type: none"> • n/a 	<ul style="list-style-type: none"> • n/a

Meeting date	TAC Member Organisations represented	Key focus areas	Key issues and feedback provided	Transgrid response
	City of Sydney Commonwealth Bank of Australia Energy Consumers Australia Ethnic Communities Council NSW Energy Users Association Australia Independent (Regulatory Consultant and Lecturer) Independent (Landowner Advocate) Infrastructure Partnerships Australia Justice and Equity Centre Snowy Hydro St Vincent de Paul	<ul style="list-style-type: none"> CEO update, including the view that Transgrid would bear some cost related to PEC overrun 		
26 February 2025 (TAC Focus Area meeting – EnergyConnect Deep Dive #4)	Australian Industry Group Business Council of Australia City of Sydney	<ul style="list-style-type: none"> Objective of capex reopener, rule requirements and preconditions for submitting a capex reopener 	<ul style="list-style-type: none"> Questions around the importance and necessity of PEC for the reliability and security of the broader network 	<ul style="list-style-type: none"> GHD commissioned to review the security and reliability implications of PEC. A subsequent TAC deep dive on the

Meeting date	TAC Member Organisations represented	Key focus areas	Key issues and feedback provided	Transgrid response
	<p>Commonwealth Bank of Australia</p> <p>Energy Consumers Australia</p> <p>Energy Users Association of Australia</p> <p>Independent (Regulatory Consultant and Lecturer)</p> <p>Independent (Landowner Advocate)</p> <p>Justice and Equity Centre</p> <p>Snowy Hydro</p> <p>St Vincent de Paul</p>	<ul style="list-style-type: none"> • PEC timeline of event and Contract Failure • Regulatory framework and pathways available for cost recovery • Comparative analysis of capex reopener and ex post review pathways • Proposed principles to apply for the recovery of costs through the reopener process • Distinction of costs – direct contract cost, indirect cost and costs not linked to the event 	<ul style="list-style-type: none"> • Recognition of the importance of the project proceeding • Recognition of the importance of achieving best value for consumers • Concerns around the depth of Transgrid's engagement beyond 'inform' 	<p>outcome of this work was held</p> <ul style="list-style-type: none"> • Further analysis and explanation of the impacts to shareholders and consumers provided at subsequent meetings
<p>7 May 2025 (Quarterly TAC meeting)</p>	<p>Australian Industry Group</p> <p>Business Council of Australia</p> <p>Commonwealth Bank of Australia</p> <p>Energy Consumers Australia</p> <p>Independent (Regulatory Consultant and Lecturer)</p>	<ul style="list-style-type: none"> • Progress update on PEC construction • Effectiveness of new contract was mentioned • Indicative timeline given for the reopener draft • Noted the intention is to not apply for full overrun in reopener 	<ul style="list-style-type: none"> • Concerns that the timeframe for meaningful engagement is short • Suggestion that the level of engagement on the draft application should be 'consult'/'involve' rather than 'inform' 	<ul style="list-style-type: none"> • Next engagement session planned for end of May 2025 • Acknowledgement that full agreement will not be achieved but commitment to transparent engagement

Meeting date	TAC Member Organisations represented	Key focus areas	Key issues and feedback provided	Transgrid response
	Justice and Equity Centre Snowy Hydro St Vincent de Paul			
29 May 2025 (TAC Focus Area meeting – EnergyConnect Deep Dive #5)	Infrastructure Partnerships Australia (IPA) Snowy Hydro Clean Energy Council St Vincent de Paul Society Australia Energy Users Association of Australia Independent (Regulatory Consultant and Lecturer) Ethnic Communities' Council of NSW (ECCNSW) Justice and Equity Centre (JEC) Independent (Landowner advocate) Commonwealth Bank (CBA)	<ul style="list-style-type: none"> • Project update • Engagement recap and an update on the progress of the potential application • Further information on security and reliability implications of PEC (with GHD in attendance) 	<ul style="list-style-type: none"> • Queries regarding Transgrid's preference for a reopener over an ex-post review and concerns about representing diverse TAC views • Questions around Commonwealth support, with positive Ministerial-level discussions noted • Request to consider emerging Australian Energy Market Operator (AEMO) analysis on synchronous condensers and developments in South Australia • Concern over unclear cost allocation for interjurisdictional benefits and challenges 	<ul style="list-style-type: none"> • It was noted that Transgrid had sought feedback from the TAC on how to best present their feedback in the reopener Application • Noted that conversations had been held with various parties (some which were put on hold due to the election) and were to continue • GHD to consider emerging analysis from AEMO as appropriate

Meeting date	TAC Member Organisations represented	Key focus areas	Key issues and feedback provided	Transgrid response
			in funding interconnectors	
2 July 2025 (Quarterly TAC Meeting)	AI Group Business Council of Australia Clean Energy Council Energy Consumers Australia Energy Users Association of Australia Ethnic Communities' Council of NSW Independent (Regulatory Consultant and Lecturer) Infrastructure Partnerships Australia Justice and Equity Centre Snowy Hydro St Vincent de Paul	<ul style="list-style-type: none"> High level update on project progress 	n/a	n/a
28 July 2025 (TAC Focus Area meeting –	Australian Industry Group Business Council of Australia	<ul style="list-style-type: none"> Presentation of updated PEC cost figures 	<ul style="list-style-type: none"> Transgrid's approach to recovering all the overspend via the reopener and ex post review 	<ul style="list-style-type: none"> Explanation of the specific costs Transgrid is proposing to recover through the reopener

Meeting date	TAC Member Organisations represented	Key focus areas	Key issues and feedback provided	Transgrid response
EnergyConnect Deep Dive #6)	City of Sydney Commonwealth Bank of Australia Energy Users Association of Australia Independent (Regulatory Consultant and Lecturer) Justice and Equity Centre	<ul style="list-style-type: none"> • Explanation of reopener and ex post review processes • Overview of funding structure and financial impacts • Discussion of CESS penalties and regulatory implications • Summary of the Contract Failure and renegotiation timeline and process • Clarification of cost principles and benchmarking • Explanation of risks associated with unfriendly descoping 	<ul style="list-style-type: none"> • Observations made about the absence of a securityholder contribution to managing cost overruns • Greater clarity in the contractor cost breakdown requested • Differences in perspective on the process used to renegotiate the ICC contract • Some stakeholders sought clarification on how TAC feedback has been incorporated into decision-making • Questions raised about the potential security and reliability implications of project delays • Perception of limited accountability to the TAC (and through them consumers) in certain areas 	<ul style="list-style-type: none"> • Acknowledgement of securityholder exposure to equity funding and CESS • Confirmation that AER can reassess costs in ex post review • Clarification that CESS penalties may be reduced under new guidelines • Statement provided that TAC feedback influenced cost exclusions • Further explanation of the rationale for selecting the ICC contract option based on net benefit analysis • Assurance that decisions aimed to serve consumer interests due to net market benefits assessment and options analysed • Recognition and acknowledgment that due to commercial

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			<ul style="list-style-type: none"> Some stakeholders requested a clearer articulation of the purpose and value of ongoing TAC engagement 	<p>sensitivities and contractual obligations, some discussions have had to be limited</p>
<p>26 November (EnergyConnect Reopener Application Draft Application Feedback Meeting)</p>	<p>Ethnic Communities Council of NSW</p> <p>Independent (Regulatory Consultant and Lecturer) Independent (Landowner Advocate)</p> <p>Infrastructure Partnerships Australia</p> <p>Justice and Equity Centre</p> <p>Snowy Hydro</p> <p>St Vincent de Paul</p>	<ul style="list-style-type: none"> Reopener process Definition of the event 	<ul style="list-style-type: none"> Clarification sought on AER timelines and whether information requests pause or reset the 40-day clock Question on the rarity of re-opener applications under current provisions Questions about whether cumulative impacts, rather than individual issues, could meet the 'shipwreck' threshold Recognition that the last five years in the contracting market were 'unprecedented', suggesting cumulative shocks were beyond normal expectations 	<ul style="list-style-type: none"> AER responded that each information request resets the 40-day clock; complex decisions can extend by 60 days AER confirmed there are limited precedents; reopeners for capital expenditure are extremely rare As explained in section 1.6 of the Main Application, 'shipwreck' has been defined by the AEMC in terms of the consequential impact of the event on the network company's capital expenditure requirements

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		<ul style="list-style-type: none"> • Cost and ex post review 	<ul style="list-style-type: none"> • Questions about the accuracy of \$364 million figure and potential reduction • Clarification sought about whether CESS waiver would be sought 	<ul style="list-style-type: none"> • Transgrid hopes the figure will reduce and clarified; no intention to seek full CESS waiver • While no formal decision has been made, current expectation is that no CESS relief would be sought for ~\$300 million outside the reopener
		<ul style="list-style-type: none"> • Confidentiality and transparency, and consultation process 	<ul style="list-style-type: none"> • Queries about the extent of public disclosure of Application and annexes • It was questioned whether excluding TAC input during renegotiation undermines consumer interest validation 	<ul style="list-style-type: none"> • Transparency is a priority but this must be balanced with commercial sensitivities • Confidentiality and urgency limited consultation; pausing risked project abandonment and higher costs
		<ul style="list-style-type: none"> • Alternative cost allocation 	<ul style="list-style-type: none"> • Queries around whether a different arrangement on cost allocation could be agreed before lodging 	<ul style="list-style-type: none"> • Transgrid is open to further discussion on this, however the regulatory process constrains the extent to which this can occur

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		<ul style="list-style-type: none"> Foreseeability and regulatory obligations 	<ul style="list-style-type: none"> Questions regarding unforeseeability of Contract Failure and conflict between shareholder and consumer obligations Tension between Transgrid's obligations to shareholders and its obligations to consumers Suggestion that regulatory framework may inadequately prioritise consumer interests Concern that cumulative shocks might justify exceptional treatment 	<ul style="list-style-type: none"> Transgrid explained escalation and time pressures; reiterated the process is rule-bound but is open to broader conversations if the AER allows
		<ul style="list-style-type: none"> Risk allocation and EPC contracting 	<ul style="list-style-type: none"> Concern that returning risks to consumers after paying a premium for EPC risk transfer is unfair Recognition that EPC contract choice was constrained by market realities and was, not entirely discretionary 	<ul style="list-style-type: none"> These concerns are noted. Industry-wide lessons learnt and governance improvements will inform future projects (e.g., contracting approach and oversight)

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		<ul style="list-style-type: none"> Maintaining trust 	<ul style="list-style-type: none"> Noted insurance limitations, countering suggestions that risks could have been insured Recognition of industry-wide challenges in contracting and delivery, adding weight to arguments about unforeseeable conditions In terms of lessons learnt, an increased focus on maintaining trust is required, which will help build consumer confidence in the energy transition 	<ul style="list-style-type: none"> Transgrid welcomes the opportunity for a broader dialogue on lessons across the industry