

Transgrid System Strength Project Proposal and AER Preliminary Position

CCP35 Presentation 16 July 2026
Helen Bartley

Consumer
Challenge
Panel

Context

- AER must assess whether Transgrid's network costs are prudent, efficient and reasonable
- The AER expects early, **genuine** engagement consistent with the *Better Resets Handbook*

The AER engaged the CCP engaged to advise on:

- The effectiveness of Transgrid's consumer engagement to inform its proposal [the non-contestable components]
- The extent Transgrid's proposal reflects consumer preferences
- Consumer-focused issues associated with the AER's PPP

Limitations of my advice

- The AER appointed the CCP after most of Transgrid's engagement had occurred
- I have only directly observed 2 CAG meetings
 - ▷ Pre-lodgement: SSP was a portion of a 40-minute session (predominantly informing)
 - ▷ Post-lodgement: overview of SSP revenue proposal (informing)
- This meant I mainly on secondary material, including:
 - ▷ Transgrid's CAG presentation slides and meeting notes
 - ▷ Transgrid's revenue proposal
 - ▷ An online discussion with three subcommittee members

Pre-lodgement – Transgrid's engagement strengths

- Maintaining an informal open SS subcommittee
- Preparing detailed information about the project for its CAG
- Providing clear information to the CAG as to the potential scope of consumer influence
- Ensuring consistent appropriate Transgrid representation at meetings
- Improving its quality of engagement over time
- Providing a clear overview of the SSP in its proposal

Pre-lodgement engagement concerns

■ Significant regulatory and process constraints

- ▷ Insufficient scope for meaningful engagement (small influence)
- ▷ Confidentiality claims
- ▷ Predominantly high-level information provision
- ▷ No testing of trade-offs or alternative approaches to the SSP (out of scope)
- ▷ AER assessment moving from NER to EII Framework
- ▷ Transgrid was required to work to Minister's project scope and timeframes

■ Lack of transparency - key decisions made “behind closed doors”, undermining sincerity of engagement and predominantly “transactional” engagement

■ Little information presented on alternative solutions

■ No evidence provided of engagement with affected communities

AER PPP – stakeholder engagement

I commend the AER for:

- Detailed consideration of stakeholder perspectives
- Acknowledging limitations of Transgrid's engagement - which did not meet expectations around timely and genuine consumer engagement

Encouraging Transgrid to strengthen its consumer engagement in future revenue proposals including:

- Engaging earlier (beyond informing) on matters that are material and where consumers can and should be able to influence
- Clearly demonstrating how consumer preferences have shaped the proposal

Focus issues: Risk *and* Labour and indirect costs

I agree with the AER on its focus issue selection. These issues have:

- ▶ Major cost implications for consumers
- ▶ Risk that consumers pay twice through upfront allowances and adjustment events (e.g. up front project management costs may also be a risk cost)
- ▶ The AER's further scrutiny of project development costs

I cannot comment on the technical assessment but expect the AER to ensure:

- ▶ Consumers only pay for costs that are clearly justified
- ▶ Consumers do not pay twice for the same risk
- ▶ Uncertain costs are managed transparently and tested before the being passed through as adjustments
- ▶ Decisions are explained in a way consumers can understand

Future engagement

Challenges

- AER needs to make its final determination by 21 October 2026
- The AER is continuing its analysis of focus issues – can consumers really make a difference?
 - ▷ Is sufficient information available?
- The regulatory process does not include a revised proposal from Transgrid
- What is fair and reasonable for the CAG to achieve?
 - ▷ Transgrid has multiple revenue proposals requiring consumer engagement
 - ▷ How much genuine influence can the CAG have? (regardless of time)

Given the constraints of a revenue proposal like this Is it reasonable for the AER to expect a network to meet Better Resets Handbook expectations?

Advice to the AER

Given the numerous constraints, and **subject to agreement between the network operator and consumers** (e.g. Transgrid's CAG), the AER should adapt its engagement expectations to reflect what can be reasonably achieved

- To be agreed among parties as early as possible and before lodgement

Drawing on positive consumer feedback on the AER's engagement on Ausgrid's HCC REZ and Transgrid's CWO REZ revenue proposals, I also **encourage the AER to engage with the CAG as Transgrid prepares its revenue proposals** (i.e. pre-lodgement) under the EII Act to:

- Clarify areas where it considers consumers can have genuine and material influence
- Respond to CAG questions in a timely way to help support its effective engagement
- Understand (and clarify) the CAG's expectations of the AER