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Friday, 10 July 2026

Kami Kaur
Executive General Manager, Network Regulation
Australian Energy Regulator
MELBOURNE VIC 3000

Submitted by email: aerinquiry@aer.gov.au

Dear Ms Kaur,

Transgrid submission to the AER's Network Resilience Guidelines Consultation Paper

Transgrid welcomes the opportunity to provide a submission to the Australian Energy Regulator's (**AER**) *Network Resilience Guidelines Consultation Paper*. Transgrid is the primary Transmission Network Service Provider (**TNSP**) in NSW and the ACT, responsible for planning, operating and maintaining the high-voltage transmission network that underpins the secure and reliable supply of electricity to consumers across NSW and the ACT.

The AER is developing *The Network Resilience Guidelines* (the Guidelines) to provide guidance on network resilience expenditure for Distribution Network Service Providers (**DNSPs**). The Guidelines, which are non-binding, "will inform NSPs, consumer groups and other stakeholders of the way we assess resilience proposals under the National Electricity Rules (NER)".[1] As part of the consultation, the AER has asked for "stakeholder views on whether the network resilience guidelines should apply to transmission network service providers".[2]

Transgrid supports the Guidelines applying to TNSPs, provided they are appropriately tailored to the role, risk profile and regulatory framework that applies to transmission networks. The basis of this position is outlined further in the following section. Transmission networks are exposed to severe weather, bushfire, cyber, physical security and operational technology risks that can have material consequences for consumers, communities and the power system. We expect that specific guidance from the AER about how resilience proposals will be assessed would make these proposals more likely to be made in a form that will be consistent and suitable for acceptance in the long-term interests of consumers. This will help ensure consumers have resilient networks providing transmission services, while also creating potential efficiencies for both the AER and networks in the regulatory process.

[1] AER, Network resilience guidelines – Consultation Paper, June 2026, 1. Available at: https://www.aer.gov.au/industry/registers/resources/reviews/network-resilience-guidelines
[2] Ibid, 13.

Clear guidance from the AER on how transmission resilience expenditure will be assessed under the existing transmission revenue framework would support more robust, transparent and efficient regulatory proposals. However, any application to TNSPs should not simply replicate DNSP-specific requirements, such as Distribution Annual Planning Report-related reporting obligations, and should instead recognise existing transmission planning, asset management, emergency management and regulatory proposal processes. Transgrid considers it would be premature to make detailed submissions on the specific drafting, evidentiary requirements or reporting architecture of the guideline at this stage. If the Guidelines were to be considered for application to TNSPs, full consideration of the specific provisions would be required.

Appropriate Guidelines should apply to TNSPs

Transgrid supports Network Resilience Guidelines applying to TNSPs, provided they are appropriately tailored to the transmission context. While the rule change that prompted the Guidelines related to DNSP resilience, the underlying policy challenge is not necessarily confined to distribution networks. Transmission networks are critical infrastructure assets that are increasingly exposed to severe weather and other resilience-related risks.

Transmission network resilience is critical for consumers and the power system

The AER's existing definition of network resilience as a network's ability to continue to adequately provide network services and recover those services when subjected to disruptive events is considered to be equally relevant to transmission. TNSPs must plan, operate and maintain geographically dispersed networks that are exposed to bushfire, storms, flooding, cyber threats, physical security threats and operational technology risks.

Disruptive events affecting transmission assets can have consequences beyond localised outages, including impacts on multiple distribution networks, large industrial customers, generators, inter-regional power flows, system security, market outcomes and restoration capability. As such, transmission resilience focuses on managing low-probability but high-consequence events that can result in widespread disruption, longer restoration times, and broader economic and market impacts.

For TNSPs, resilience also includes the systems, processes, operational capabilities and supporting technology required to maintain network services, manage credible contingencies, respond to emergency events and restore supply in a timely and coordinated way. Key risks to transmission network resilience include:

- severe weather and natural hazard risks, including bushfires, storms and floods. Transgrid has experienced 9 recorded events affecting 39 steel towers across our network over the last 17 years. The predominant cause is high-intensity wind exceeding tower capacity. These events have become more frequent in the past six years. In addition, the 2019/20 bushfire season demonstrated the broader system-level impact of extreme weather on the transmission network. Bushfires affected approximately 9% of Transgrid's network and resulted in a step change in outage frequency, with outage frequency 20 times higher than historical levels during this period.

- cyber and physical security risks that could affect the availability and operation of critical network assets.

Networks manage and mitigate these risks through measures including:

- operational technology and control systems that support secure and reliable network operation
- emergency management, restoration capability and coordination with market bodies, emergency services and jurisdictional agencies
- appropriate levels of redundancy in network and non-network assets
- network hardening and asset resilience investments, such as transmission tower strengthening, replacement of vulnerable wood pole structures, and targeted upgrades to improve the network's ability to withstand extreme weather events and natural disasters.

While TNSPs can already propose such expenditure under the existing regulatory framework, transmission-specific guidance would help provide greater clarity regarding the evidence required to demonstrate the prudency, efficiency and consumer benefits of resilience-related investments.

Transgrid's resilience-related operating expenditure allowance in the current period

The Consultation Paper cites the AEMC's conclusion that TNSPs "are already able to seek approval for resilience expenditure under the current economic regulatory framework and our final rule will not change these arrangements". While this is correct, it is important to note that in Transgrid's 2023–28 revenue determination, operating expenditure step changes requested for both cyber and critical infrastructure security, and the System Security Roadmap, each considered to be system resilience-related initiatives, were not accepted as proposed.

This divergence between what Transgrid considered prudent and efficient expenditure and the AER's assessment underlines the potential for clear guidance to support more robust, transparent and efficient regulatory proposals for resilience-related investments on the transmission system.

If you require any further information or clarification on this submission, please feel free to contact Oliver Derum, [redacted] in the first instance.

Yours sincerely

[redacted]

David Hughes
A/ General Manager System Resilience