



System Strength Revenue Proposal Enabling Priority Network Infrastructure Project

Response to the AER's Preliminary Positions Paper

Nadine Lennie, Chief Financial Officer
Public forum - 16 July 2026



Acknowledgement of Country

In the spirit of reconciliation Transgrid acknowledges the Traditional Custodians of the lands where we work, the lands we travel through and the places in which we live.

We pay respects to the people and the Elders past, present and emerging and celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of NSW.



The first hybrid project and the first project with DCCEEW as Planner



With the framework evolving significantly with every decision, constructive engagement remains vital

	Project	Infrastructure Planner	Regulatory model
Complete	Waratah Super Battery	EnergyCo	2 x contestable 1 x non-contestable
	CWO REZ Enabling	EnergyCo	Non-contestable
	CWO REZ Main (ACEREZ)	EnergyCo	Contestable
	Hunter Central Cost (Ausgrid)	EnergyCo	Non-contestable
In-progress	System Strength (Accelerated Syncons)	DCCEEW	Hybrid
	Hunter Transmission Project	EnergyCo	Hybrid
	Broken Hill Stage A	DCCEEW	Hybrid
	Broken Hill Stage B	DCCEEW	Non-contestable
Pending	SW REZ Project	EnergyCo	Hybrid

Proposal overview

Priority Network Infrastructure
Project Direction
(Ministerial Order)



System Strength Project
Capex estimate: \$1.18bn

Contestable elements (77.48%)

Synchronous condenser package (OEM contractor)

Purchase, delivery, testing and commissioning of syncons, and long-term servicing and support.

Associated works package (D&C contractors)

Cost of design and construction of associated substation, building and other works, including Transport Works*. Principle contractor on-site.

Non-contestable elements (22.52%)

Procurement and contract management

Transgrid costs for procuring and managing contestable works contracts and interfaces.

Long-term operations, maintenance & other works

Transgrid costs relating to owning and operating the assets over the long term (e.g. secondary equipment maintenance, performance monitoring)

Our initial views on AER's Preliminary Position Paper



1. Adjustment mechanisms and provisional sums



2. Labour and indirect costs



3. Pre-period RIT-T costs



4. Transport-related costs



5. CESS

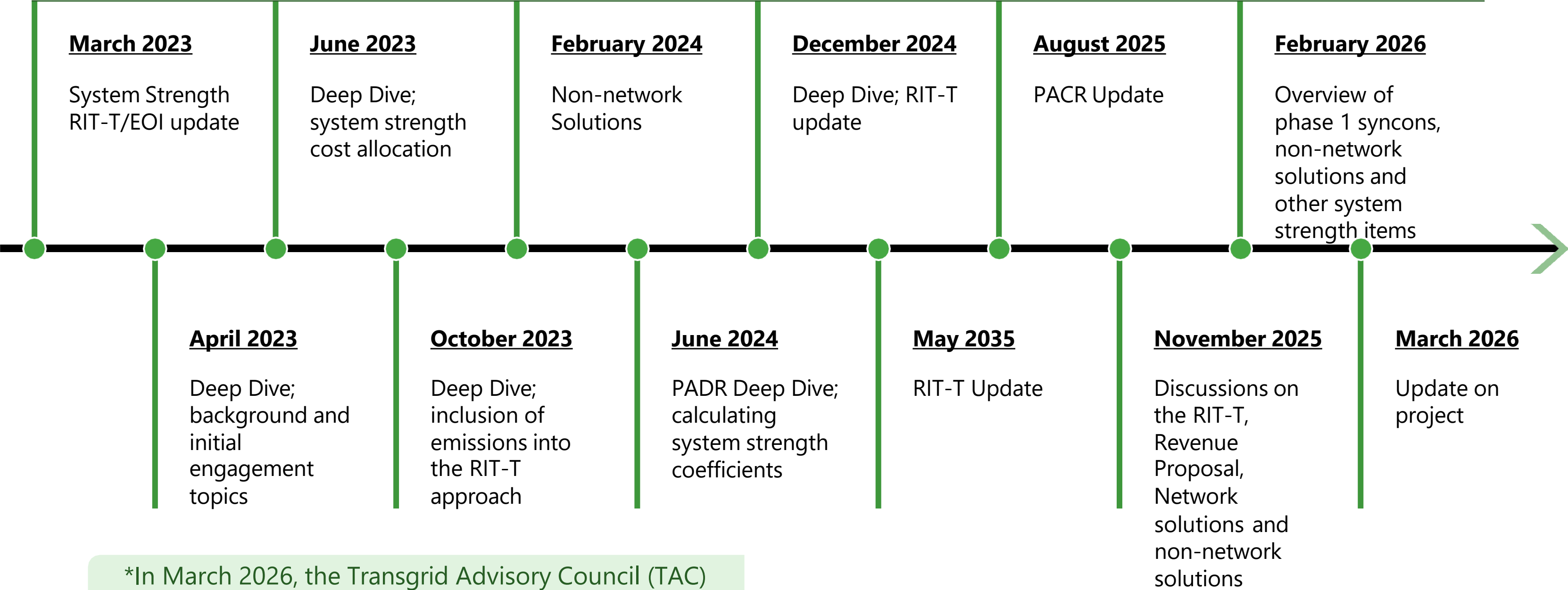


6. Stakeholder engagement

Our stakeholder engagement



Engagement with consumer advocates on System Strength has been ongoing and involved multiple Transgrid Advisory Council* meetings a year



*In March 2026, the Transgrid Advisory Council (TAC) evolved into the new Consumer Advisory Group (CAG)

In summary

We have appreciated the opportunity to engage with consumers and the AER on the positions paper and revenue proposal

Three key themes will guide our response to the positions paper

- Ensure that the EII framework promotes timely and efficient project delivery for the benefit of consumers
- Recognise and address the AER's concerns, and propose alternative solutions where these could promote better outcomes
- Maintain our view that Transgrid should be able to recover costs that are beyond its control