



12 January 2018

Mr Sebastian Roberts
General Manager
Australian Energy Regulator
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Dear Mr Roberts

Ausgrid Submission to TransGrid 2018-23 Determination

Ausgrid submits the following comments for consideration by the Australian Energy Regulator in relation to the Powering Sydney's Future project incorporated into TransGrid's Revised Revenue Proposal 2018/19 – 2022/23.

The project is essential to support Sydney's continuing growth, securing reliable and cost effective power to Sydney and the inner metropolitan region. It will deliver energy to existing customers and power infrastructure projects like West Connex, Sydney Light Rail and Sydney Metro, new data centres and ongoing residential development in the area.

Ausgrid is a joint partner with TransGrid for Powering Sydney's Future, Regulatory Investment Test for Transmission (RIT-T) process. We have contributed to the planning of the initial and revised Powering Sydney's Future proposal and we support the need to take action to reinforce the supply to the Sydney inner metropolitan area. We believe the installation of a new 330kV cable will deliver the best economies of scale and in our view is the most efficient way of addressing Sydney's needs.

Working closely with TransGrid has allowed us to identify and address multiple network issues. It will cost effectively secure energy supply and allow us to retire ageing fluid filled cables that pose an environmental risk as they deteriorate. This assists Ausgrid's to meet our commitment to the Environmental Protection Agency (EPA).

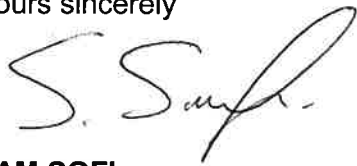
Ausgrid strongly support the revised, staged Powering Sydney's Future proposal contained in TransGrid's revised proposal, which is consistent with the joint Project Assessment Conclusions Report (PACR) issued in December 2017. Importantly, the revised solution addresses stakeholder feedback heard throughout consultation on the Project Specification Consultation Report (PSCR)

Deferring the installation of a second cable until 2028, will not only bring down initial costs of the project, but will provide the flexibility to act earlier or later, or not at all, depending on whether loads grow at the predicted rate and whether additional demand management opportunities become available.

The project currently incorporates an expected 40-60 MW of non-network capacity over a four-year program. This work will help to advance the scale of non-network solutions across the city of Sydney and complement the demand management projects we have underway in the same area.

Ausgrid supports TransGrid's revised Powering Sydney's Future project as outlined in TransGrid's Revised Revenue Proposal 2018/19 – 2022/23 as we believe it will secure Sydney's energy supply. This solution contributes to addressing the environmental risk posed by ageing oil filled cables and responds to the feedback received from stakeholders.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Sofi', with a stylized flourish at the end.

SAM SOFI

General Manager Asset Management & Operations.