

## Schedule 1: 10. Related Party Transactions

### 10.1 Identify and describe all other entities which:

(a) are a related party to TransGrid and contribute to the provision of transmission services; or

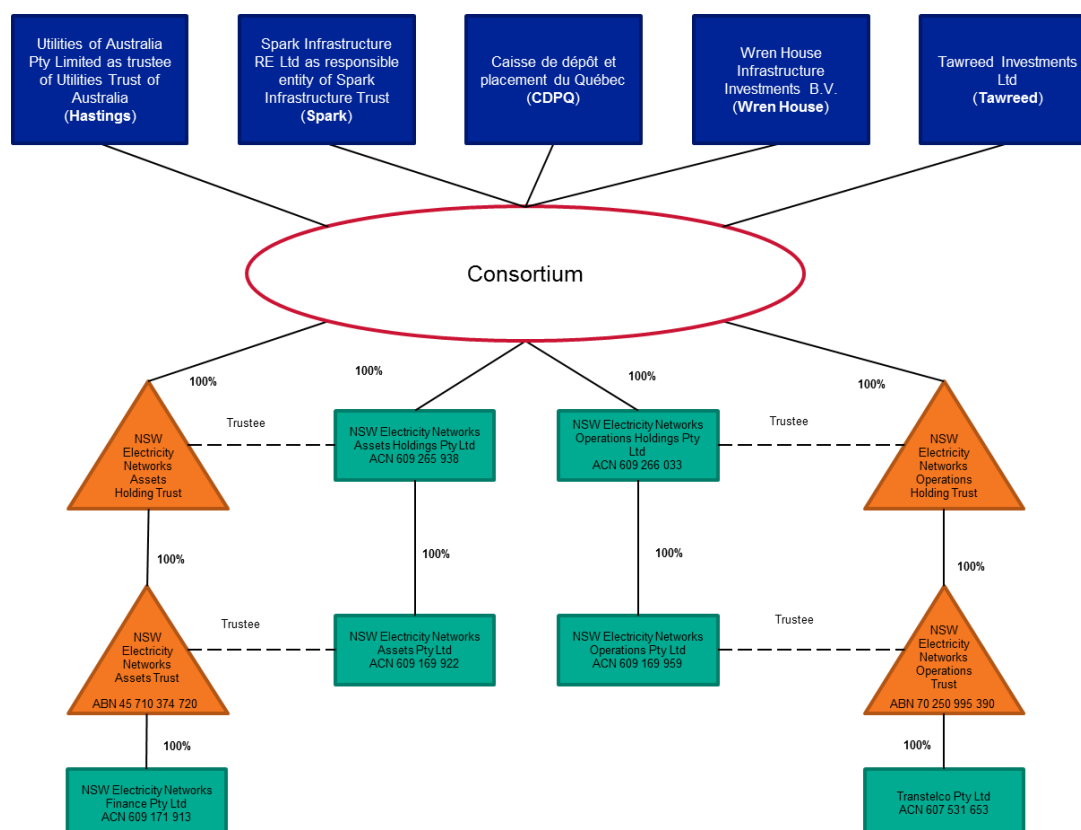
(b) have the capacity to determine the outcome of decisions about TransGrid's financial and operating policies.

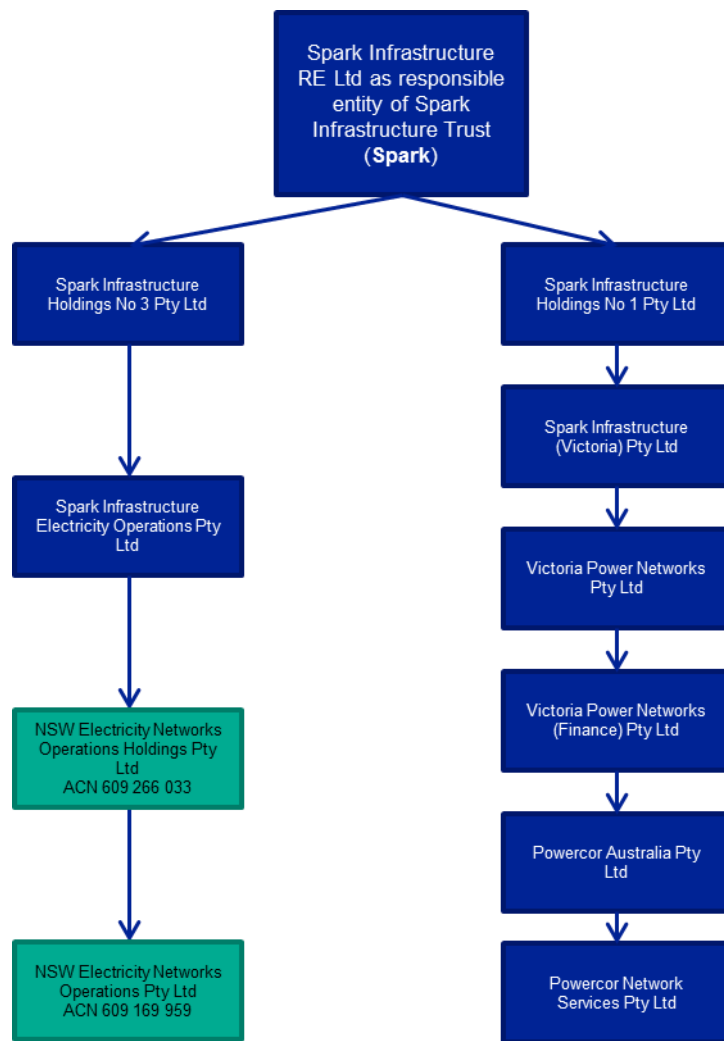
The security holders

- > Utilities of Australia Pty Limited as trustee of Utilities Trust of Australia (Hastings)
- > Spark Infrastructure RE Ltd as responsible entity of Spark Infrastructure Trust
- > Caisse de dépôt et placement du Québec
- > Wren House Infrastructure Investments B.V
- > Tawreed Investments Ltd

have been deemed related parties in accordance with the AER's Guidelines as they are considered to have the capacity to determine the outcome of financial and operation policy decisions over NSW Electricity Networks Operations Pty Limited as Trustee for the NSW Electricity Networks Operations Trust (trading as TransGrid).

### 10.2 Provide a diagram of the organisational structure depicting the relationships between all the entities identified in the response to paragraph 10.1.





Note: security holders (retail and institutional investors are the ultimate holders of the Spark Trust)

### 10.3 Identify:

- (a) all arrangements or contracts between TransGrid and any of the other entities identified in the response to paragraph 10.1 in place during the period 2016-17 to 2022-23 which relate directly or indirectly to the provision of transmission services; and
- (b) the service or services that are the subject of each arrangement or contract.

Contracts identified between TransGrid and Powercor Network Services Pty Ltd (as an entity of Spark Infrastructure RE Ltd as responsible entity of Spark Infrastructure Trust) are as follows:

- (i) Contract No. 1398 – Orange 132/66 kV Substation Rebuild, dated 6<sup>th</sup> April 2014.  
The Contract provides for all works necessary for the design, supply, transport to site, storage, construction, testing, commissioning and provision of training and documentation for the rebuild of the Orange 132/66kV Substation, with exception to the design, supply, manufacture, delivery and installation of GIS equipment and associated housing to be undertaken by the Principal.
- (ii) Contract No. 1399 – Balrandald 220/22 kV Substation Secondary Systems Replacement, dated 8<sup>th</sup> July 2014.  
The Contract provides for all work necessary for the detailed design, supply of materials (except for those supplied by the Principal), installation, testing, documentation and commissioning of:
  - Replacement of all 22kV CTs and 22kV transformer incomer VTs in the existing
  - cubicles including design, supply and installation of all required materials
  - New protection and metering systems
  - New Substation Automation System

- Re-location of existing building services (switchboards, power outlets, security sensor etc)
- Provide emergency and restoration lighting
- Removal of Air Conditioning control panel
- Replacement of indoor cabling. Existing outdoor cablings will be re-used where possible
- Segregation of AC supplies from control cabling with new AC cables from Aux Tx to new AC distribution boards
- New AC/DC distribution boards and AC/DC supply rings
- Replacement of 125V Batteries and chargers.
- Replacement of 50V Rack Power System
- Removal and disposal of redundant equipment, cabling, conduits, panels etc from the Auxiliary Services Building (ASB)

(iii) Contract No. 1403 – Microwave Spur Replacement Project, dated 24th September 2014.

The Contract provides for The work under the Contract is inclusive of all, plant, material equipment, labour and other items necessary for the design, supply, transport, storage, disposal, construction, installation, compliance, testing, commissioning, stakeholder and interface management and provision of documentation. The scope of work may be summarised without limitation as follows;

- Ingleburn 330kV Substation
  - Communications to Ingleburn 330kV Substation are currently via a spur microwave link from the Principal's communications tower at Endeavour Energy's Carlingford Substation. The work is for the provision and commissioning of a new communications link from Ingleburn 330kV Substation to Razorback RRS prior to removing Carlingford from the Principal's communications network.
  - The installation works shall be staged such that new 6.7GHz 'A' and 'B' systems to Razorback will be installed, commissioned and 30 day stability tested prior to the existing Alcatel radio systems facing Carlingford being decommissioned and removed.
- Razorback RRS
  - Works at Australian Rail Track Corporation's (ARTC's) Razorback Radio Repeater Site (RRS) will be for the establishment of a new microwave communications link to Ingleburn 330kV Substation.
- Liverpool 330kV Substation
  - Communications to Liverpool 330kV Substation are currently via a spur microwave link from Sydney South 330kV Substation. The works will include the replacement of the existing Alcatel radio system.
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  - Communications to Liverpool 330kV Substation are currently via a spur microwave link from Sydney South 330kV Substation. The works will include the replacement of the existing Alcatel radio system
- Carlingford RRS
  - The Carlingford Radio Repeater site (RRS) which currently communicates with Sydney West, Ingleburn and 201 Elizabeth St is to be fully decommissioned. However, prior to the decommissioning of this site, the Ingleburn to Razorback communications link (mentioned above) and a new fibre link between Haymarket & Sydney East (via Ausgrid network, a separate project, with expected completion by end July 2014) must be commissioned. Additionally two redundant antennas and associated feeders facing Sydney East and one redundant satellite dish and associated fittings are to be removed.
- Sydney West 330kV Substation
  - The 'A' radio system facing Vineyard will be replaced in-situ in the existing communications room and the antenna unchanged unless determined to be unsuitable for ongoing use. The 'B' radio

system facing Vineyard will be replaced in-situ in the existing communications room and the replacement antenna and feeder located at a higher position on the communications tower. (After Carlingford Antenna removal at designated height)

- Removal of antennas and feeders facing Carlingford RRS. It will be necessary to coordinate the removal of the Carlingford facing antenna with the establishment of the Ingleburn to Razorback link.
- Vineyard
  - The works will include the replacement of the existing Alcatel radio system.
- (iv) Contract No. 1409 – Design & Construction of the Beaconsfield 330/132 kV Substation Redevelopment Stage 2, dated 5<sup>th</sup> March 2015.

The Contract provides for the installation of the No. 5 330/132kV transformer, removal of the No. 1 and No. 2 330/132kV transformers and compounds, replacement of the No. 1 132kV reactor, high voltage connections between the new transformers and the associated 330kV and 132kV switchbays, secondary system modifications including establishment of a new Main Communications Room (MCR), and decommissioning and demolition of the original Beaconsfield West Substation building.
- (v) Contract No. 1411 – Dapto 330/132kV substation 415V System Replacement, dated 23<sup>rd</sup> December 2014.

The Contract provides for the supply, transport to & from site, storage, construction, testing, commissioning, demolition, disposal and documentation for the complete 415V AC System Replacement of the existing Dapto 330/132 kV Substation.
- (vi) Purchase Order No. T71920, dated 13<sup>th</sup> June 2016.

This Purchase Order was for the provision of outage switching services and the issuing of permits at Wodonga substation & Dederang substation to allow for weed control within Capacitor Bank Compounds.
- (vii) Deer Park Terminal Station Victoria, dated 3<sup>rd</sup> March 2015

The services provided under the Exit Services Agreement are for providing Exit services for three 66Kv busses and six 66kv feeders. Powercor are also party to the Project Construction and Co-ordination deed that forms the contract for developing the facilities to provide the exit services.

#### **10.4 For each service identified in the response to paragraph 10.3(b):**

##### **(a) provide:**

##### **(i) a description of the process used to procure the service; and**

For all Contracts noted above a Request for Tender (RFT) was released to TransGrid's preferred supplier list consistent with TransGrid's business rules. The process is undertaken to ensure evaluation of the tenders are conducted in a diligent, fair, equitable and consistent manner. Assessment of the tenders is carried out to identify the offer that meets TransGrid's technical and commercial requirements and represents best value for money based on mandatory criteria, financial criteria, technical criteria and any other relevant criteria to the tender.

For Purchase Order No. T71920. This is a low value (\$4,000.00) procurement action. Single quotation from Powercor in accordance with TransGrid's business rules. Powercor utilised for this activity as Powercor maintains the substations where the services were required.

Related party transactions were entered into in accordance with TransGrid's "Procurement Procedure". These contracts were not entered into, or set up at its origins as a related party transaction, except for Purchase Order No. T71920.

The above contracts, except for Purchase Order No. T71920, were entered into prior to 16 December 2015 when Powercor Network Services Pty Ltd did not meet the definition of a related party.

The Deer Park contract and tender process was overseen by AEMO.

**(ii) supporting documentation including, but not limited to, requests for tender, tender submissions, internal committee papers evaluating the tenders, contracts between TransGrid and the relevant provider;**

Supporting documents are in the attached documents,

- > TransGrid - RIN Response Related Party Tenders-0214 – PUBLIC
- > TransGrid - RIN Response Related Party Tenders-0514 – PUBLIC
- > TransGrid - RIN Response Related Party Tenders-0814 - PUBLIC
- > TransGrid - RIN Response Related Party PR-0616 - PUBLIC
- > TransGrid - RIN Response Related Party PO-0616 – PUBLIC
- > TransGrid - RIN Response Related Party PO-1116 – PUBLIC

Tender documents for Deer Park are in the public domain:

<https://www.aemo.com.au/Datasource/Archives/Archive99>

**(b) explain:**

**(i) why that service is the subject of an arrangement or contract (i.e. why it is outsourced) instead of being undertaken by TransGrid itself;**

Powercor Network Services Pty Ltd were engaged instead of being undertaken by TransGrid itself because the nature and scope of work is sufficiently complexed and integrated with the technology options that the most efficient delivery method in the available time was a 'design and construct' outsourced delivery solution. These were the scope options identified for the panel of substation 'preferred suppliers' and established T&Cs enable a faster engagement with these providers. Further there are significant civil works associated with the demolishing of the redundant Beaconsfield West switchroom building that require specialist demolition license and those activities were previously not preferred activities to be performed by TransGrid.

**(ii) whether the services procured were provided under a standalone contract or provided as part of a broader operational agreement (or similar);**

Powercor were invited to Tender for the Works as they were a member of the Substation Construction Panel (SP1-12). (i.e. the Tender was released to only the members of the Panel) The Services were however provided as Standalone Contracts.

**(iii) whether the services were procured on a genuinely competitive basis and if not, why; and**

Powercor Network Services Pty Ltd were engaged on a genuinely competitive basis.

The services were provided on a competitive basis – refer to evaluations performed for each Contract

**(iv) whether the service (or any component thereof) was further outsourced to another provider.**

The Suppliers of Parts & Equipment for Powercor, and, proposed sub-contractors (including the services provided) Powercor intended to engage at the time of award of the Contract are detailed as follows.

- > Contract No. 1398, Schedule Nos 1.1A, 1.1B, 1.1C & 1.2
- > Contract No. 1399, Schedule Nos 1.1A, 1.1B, 1.1C & 1.2
- > Contract No. 1403, Schedule Nos 1.1, 1.2 & 1.3
- > Contract No. 1409, Schedule Nos 1.1A, 1.1B, 1.1C & 1.2
- > Contract No. 1411, Schedule Nos 1.1A, 1.1B, 1.1C & 1.2