

CWO ENABLING PROJECT REVENUE PROPOSAL

26 AUGUST 2025

INTRODUCTION

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our members are the engine room of the Australian economy, producing many of the products that households and business use every day including bricks, glass, steel, aluminium, paper, food and beverages. Combined, our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

EUAA members are focussed on making products that meet their own customers' requirements where energy is just one input to the process albeit a critical one. Their expectation is that the energy industry continues to provide energy services that are fit for purpose and consistent with the National Electricity Objectives (NEO) so that our members can continue to provide a fit for purpose product for their customers.

Thank you for the opportunity to make this brief submission under the Central West Orana (CWO) Enabling Project Revenue Proposal (CWO Proposal). The EUAA are long-standing members of the Transgrid Advisory Council (TAC) and have observed varying levels of engagement and transparency on a range of proposals over a number of years including periodic revenue re-sets, major project proposals such as Project Energy Connect and Humelink and on specific technology issues such as system strength.

Based on our involvement over many years we can see that due to the significant volume and complexity of projects being pursued, Transgrid have struggled at times to engage effectively with the TAC including not providing the degree of transparency that would give TAC members, and energy users more generally, a high level of confidence that the outcomes are in their long-term interest. To their credit Transgrid have been working with the TAC to make improvements but it is a work in progress.

We note the substantive submission "Reflection to the AER. Transgrid 2026-31 Revenue proposal enabling CWO REZ and the energy transition" authored by our fellow TAC members Louise Benjamin and Gavin Dufty and support the conclusions and recommendations made in the submission.

We can clearly see a network cost tsunami on the horizon and it is approaching at an accelerating rate. We encourage all jurisdictions to take stock of this situation and seek to understand what actions they can take to avoid the significant price shocks that are on their way; price shocks that are likely to negate any benefit that may come from the long promised lower wholesale electricity prices.

We also have a growing concern that we may be overspending on transmission when you consider what else is occurring in the entire energy ecosystem. We need to get a better understanding of the impact of both consumer energy resources and distributed energy resources (both of which impact distribution networks) on the scope and

timing of large transmission infrastructure. The goal must be to maximise the use of assets we have already invested in and optimise the mix of big and small resources rather than have an approach of big or small resources.

CWO PROPOSAL

Regarding the CWO Proposal, Transgrid provided the TAC with a number of briefings accompanied by a 114-page proposal with 60+ attachments. Beyond this, there has been little detailed engagement on the proposal which seems to have been driven by the confidentiality and “need for speed” requirements placed on Transgrid by EnergyCo. We hope can be rectified in the months to come with the help of the AER.

As we have had little time to review the CWO Proposal we will leave it to the AER to ensure it is prudent and efficient. Our comments will be focussed on the need for improved processes and transparency, especially where it comes to NSW Energy Infrastructure Roadmap (NSW Roadmap) projects.

- To the best of our knowledge, the commitment deed negotiation between Transgrid and EnergyCo focussed on how risk would be shared between Transgrid and consumers, yet consumers were not consulted at any point. Due to the confidentiality arrangements surrounding the deed, we still have little understanding of these arrangements.
- While we understand that EnergyCo related costs have been included in the CWO Proposal they are not transparent with Transgrid stating the costs have been spread across the various aspects of the project (i.e. operations, maintenance, easements etc). Transgrid also stated that the MOU they have with EnergyCo restricts them from providing more transparency. This is becoming a common, and very concerning trend across the industry but is more pronounced in NSW where the incurring and allocation of costs associated with the NSW Roadmap are very opaque.
- Our observation is that EnergyCo’s objective to build NSW Roadmap projects ASAP which means Transgrid has limited time to develop a comprehensive and more accurate cost estimate that consumers require to have a level of confidence that the project is in their long-term interest. This situation will ultimately lead to an expansion of the scope of post determination adjustment events and increasing the capex risk borne by consumers. In these circumstances, consumers take the risk of going fast and all they have is high level CBAs that are constrained by confidentiality.
- Contrast this with the approach the AER is taking on Marinus under the NER – slowing it down to get a Class 2 estimate. This was supported by the Marinus customer advisory group and is an approach that must become the new benchmark.

AUSGRID EXPERIENCE

Just as the AER have done recently with Ausgrid and EnergyCo on the Hunter Central Coast REZ, the AER should engage with Transgrid and Energy Co to reduce the confidentiality constraints over adjustment events.

We note the supplementary appendix showed that the AER had convinced Ausgrid and EnergyCo to substantially reduce these constraints.

Therefore we:

- Encourage the AER to push EnergyCo to get more transparency around the IP fees and while the AER cannot review the prudence, efficiency and reasonableness of these costs but can bring more transparency.
- Encourage AER to consider the options in the SA to reduce consumer capex risk – maximum recovery cap (done for WSB but perhaps more applicable to WSB where costs are more predictable?) and delayed capex forecast adjustment (aimed to get as much as possible in the base capex and subject to CESS rather than adjustment pass through event):
 - I will be involved in detailed discussions with the AER and Ausgrid over the next couple of weeks as the Hunter REZ consumer panel develops its submission on the PPP
- Encourage a revised version of the AER's [non-contestable projects guideline](#) to formalise the changes in the Hunter REZ PPP/SA.

We believe the process followed here should establish a benchmark for all NSW Roadmap projects.

The EUAA welcomes further discussions around the issues raised in this submission.



Andrew Richards
Chief Executive Officer