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Submitted online: <https://www.ipart.nsw.gov.au/Home/Reviews/Have-Your-Say>

Dear Mr Suh

Transgrid submission to IPART's review of the Regulatory Framework for Supply Connection Infrastructure

Transgrid welcomes the opportunity to provide a submission to IPART's Options Paper for the *Review of the Regulatory Framework for Supply Connection Infrastructure (SCI) in NSW*. Transgrid is the primary Transmission Network Service Provider (**TNSP**) in NSW, responsible for planning, operating and maintaining the shared high-voltage network and for maintaining power system security in coordination with the Australian Energy Market Operator (**AEMO**).

Transgrid supports the objectives of this review and agrees with IPART's assessment that the existing NSW regulatory framework does not clearly or consistently address the risks associated with the growing volume and diversity of contestably operated Dedicated Connection Assets (**DCAs**). As the energy system transitions and an increasing number of generators and large loads connect via third-party delivered transmission level assets, clarity of accountabilities and appropriate regulatory oversight are increasingly important.

Transgrid supports requiring entities that contestably operate supply connection infrastructure to hold a transmission licence with modified conditions, consistent with IPART's Option 2. In Transgrid's view, a modified licence provides an appropriate balance between managing risks to the power system and maintaining proportional, flexible regulation that supports timely connections and a competitive market for connection services. Transgrid's takes this view from a position that is informed by both our experience as the Primary TNSP in NSW but also as the holder of such licences to operate assets in Victoria and the ACT. While no regulatory regime is ever beyond improvement, Transgrid has found the modified/tailored licences under which we operate in the Australian Capital Territory (ACT) and, for example, the operation of the Deer Park Terminal Station in Victoria¹, have effectively balanced the many considerations in applying appropriate regulation to such entities and assets.

¹ See <https://www.esc.vic.gov.au/sites/default/files/documents/Electricity%20Transmission%20Licence%20%28Variation%29%20-%20NSW%20Electricity%20Networks%20Operations%20Pty%20Ltd%20ATF%20NSW%20Electricity%20Network%2020241003.pdf>

1. Modified licencing is preferable to full licencing or safety only approaches

As outlined below, Transgrid considers that Option 2 (modified transmission licence) is the most preferable option, for the following reasons.

1.1. Proportionate management of risks

Option 2 enables IPART to require SCI operators to hold a licence, bringing them clearly within the NSW electricity regulatory framework and subject to the Safety Regulation, while allowing licence conditions to be tailored to the limited function and risk profile of connection only infrastructure.

This avoids imposing duplicate and disproportionate obligations designed for shared monopoly transmission networks — such as network planning, access and broader reliability standards — that are not appropriate for SCIs, while still providing enforceable requirements in relation to:

- safety and bushfire risk management
- interface coordination with the TNSP
- operational capability and governance
- reporting, assurance and incident notification.

In Transgrid's view, this approach is consistent with IPART's assessment criteria of managing risks effectively while minimising unnecessary regulatory burden.

1.2. Improved clarity and enforceability

A licencing framework, even with modified conditions, provides IPART with clearer oversight and enforcement tools than reliance on the Safety Regulation alone. It also creates clearer expectations for operators, owners, connecting parties and TNSPs about the regulatory status of SCIs.

From a system operator perspective, a transparent licencing framework supports more effective coordination during commissioning, outages and incident response, particularly where multiple SCIs are operated by the same entity.

1.3. Avoiding unintended impacts on the energy transition

Transgrid agrees with IPART that full transmission licencing (Option 1) is disproportionate and could create barriers to entry, increase costs and slow connection delivery. Conversely, Option 3 (safety regulation only) does not address important non-safety risks such as governance, cyber security, business continuity and interface coordination.

Option 2 strikes a pragmatic balance that supports the timely connection of new generation and storage while addressing risks that could otherwise be borne indirectly by the shared network and consumers.

2. Industry consultation is required at the detailed design stage

Transgrid notes that detailed engagement with industry and other stakeholders will be important at the implementation stage, including the opportunity to comment on conditions to apply under new modified licences, including to ensure clarity and accuracy of intended outcomes. For example, while designating the 'connection point' is generally simple, distinguishing an SCI from the shared network can be complex. IPART attempts to represent the distinction in Figure 2.2, however there is still room for interpretation and clarity about whether, for example, the high-voltage portion of the DCA is included in the shared network.

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Yours sincerely

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