



13 July 2020

Kami Kaur
(Act) General Manager Network Distribution
Australian Energy Regulator
Level 16, 2 Lonsdale Street
Melbourne, 3000

Dear Kami

Re: Amendment to select capital programs in our 2021–2026 regulatory proposals

CitiPower, Powercor and United Energy are writing to the Australian Energy Regulator (AER) to advise of an amendment to a capital expenditure programs in Powercor’s 2021–2026 regulatory proposals.

Our proposals, as submitted in January 2020, are based on regulatory obligations assumed to be in effect during 2021–2026. Since the submission of our proposal, a Victorian Government Order in Council has enabled a different option to meet our regulatory obligations relating to the installation of rapid earth fault current limiters (REFCL) in Powercor’s network.

We have assessed the impact of the Order in Council and have consequently made the following amendment to Powercor’s 2021–2026 proposal:

- withdrawal of the REFCL compliance: Corio zone substation capital program
- inclusion of a REFCL compliance: north western Geelong capital program to install a REFCL in a new zone substation in Gheringhap.

The reason behind, and the quantum of, these amendments are discussed in the sections below.

We are sharing these amendments early to ensure the AER has sufficient information and time to factor them into their draft decisions in September 2020.

1 Withdrawal of the REFCL compliance: Corio zone substation capital program (\$29m)

At the time of the preparation of our regulatory proposals, the *Electricity Safety (Bushfire Mitigations) Regulations 2013*, as amended on 1 May 2016, required us to install REFCLs at Corio and Geelong zone substations.

On 28 May 2020, an Order in Council was published in the Victorian Government’s Gazette which provided an exemption from installing REFCLs at Corio and Geelong on condition that a new complying zone substation is established.

The north western Geelong REFCL business case demonstrates that the costs of establishing a new complying zone substation are lower than the costs of installing REFCLs in the Corio and Geelong zone substations. Consequently, we are withdrawing our capital program to install REFCLs at Corio zone substation.

2 Inclusion of a REFCL compliance: North west Geelong capital program (\$49m)

On 28 May 2020 the Governor in Council, under section 120W of the *Electricity Safety Act (1998)*, made an Order exempting us from the requirement to ensure that Geelong (GL) and Corio (CRO) are complying substations on the conditions that we:

- establish a new zone substation which is, and remains, a complying substation for purposes of section 120L and 120M(1)(c) of the Act

- transfer specified polyphase electric line segments from GL and CRO to that new zone substation
- for particular polyphase electric lines which continue to be served from GL and CRO that are located, or come to be located, in hazardous bushfire risk areas are covered or placed underground or supplied from a complying zone substation.

The north western Geelong REFCL business case assesses the costs of establishing a new complying zone substation which addresses the conditions in the Order in Council in two differing locations, Bannockburn and Gheringhap – the latter being a site identified by the Golden Plains Shire as a future employment hub. These options were also compared to installing REFCLs at Corio and Geelong. The least cost option is found to be Gheringhap.

The installation of a REFCL in a new zone substation in Gheringhap is in the long term interests of consumers. Our long term planning had identified future demand growth in the north western Geelong region, driven by new residential and commercial load. We had earmarked a zone substation in the vicinity of Bannockburn by 2030. The Gheringhap REFCL project brings forward that future planned work, and offsets the need for 10 high voltage (HV) customers and ourselves to REFCL protect assets in urban areas with low associated bushfire risk.

We have provided a cost model and scope of works to support the business case for a new REFCL complying zone substation in Gheringhap.

Should you have any queries about this letter please do not hesitate to contact Brent Cleeve on [REDACTED] or [REDACTED].

Yours sincerely

[REDACTED]

Renate Vogt
General Manager Regulation
CitiPower, Powercor and United Energy