

30 July 2020

Re: AusNet Services – Cost pass through – 500kV Transmission Line Tower Collapse

Thank you for the opportunity to provide a comment on Ausnet Services request for a cost pass through to recover losses from a 500kV Transmission Line Tower Collapse in western Victoria in January 2020.

The Central Victorian Greenhouse Alliance (CVGA) is a formal network of 13 regional and rural councils spread across northern and central Victoria including the cities and shires of Ararat, Ballarat, Buloke, Central Goldfields, Greater Bendigo, Loddon, Gannawarra, Hepburn, Macedon Ranges, Mildura, Mount Alexander, Pyrenees and Swan Hill. The CVGA has existed since 2000, working with its members on climate change projects, advocacy and information sharing.

Over many years the alliances have made many submissions to Australia's energy market bodies and state and federal governments to highlight the need for greater consideration of climate change risks in electricity infrastructure. Such processes include the 2017 Federal [Select Committee into Electricity Infrastructure Resilience in a Warming World](#), the 2017 [Finkel Review](#) and the recent [draft Integrated System Plan](#).

The AusNet Services proposal describes how extreme weather was experienced across South Eastern Australia on 31 January 2020. It began with record temperatures, followed by severe thunderstorm activity with near-record winds recorded near Melbourne. Flooding occurred in parts of South Australia. We recognise that this was a discrete climatic event that in itself is not wholly caused by climate change. However, we do know that climate change has increased the frequency, severity and duration of these types of climatic events across the NEM. Networks and regulators have also understood these projections for many years now and yet do not seem to be building in greater climate resilience.

We are concerned that if this proposal is approved then it sets a precedent for other networks to pass costs through in future climatic events/natural disasters. We are not against pass through costs under all circumstances, however we think it is necessary that there is a balance of incentives to drive networks to make investments to improve climate resilience and integrate climate risks into decision making processes.

We recognise this is a bigger challenge than this particular proposal however we would like to highlight the importance and urgency of considering this issue across the NEM. We are aware also of the current BOM/CSIRO/AEMO Electricity sector climate information (ESCI) project. This project hopefully will help inform decisions by providing better data, modelling and risk assessment methodologies. However, all sectors of the economy need to make climate change risk decisions



within a context of uncertainty, so there is a need for acting now on the best known information. It is not enough to wait until the data provides greater confidence or finer resolution.

Examples exist in other jurisdictions such as the [UK Power Networks](#) who have done cost benefit assessments of different adaptation options on their network. It is highly recommended that networks are required to not only do comprehensive climate risk assessments and or integrated vulnerability assessments, but also map out costs/benefits for different adaptation options. Some of these may be simple tweaks to procurement criteria specifications whilst others may need to rethink system design at a macro level.

This proposal highlights the need for greater consideration of who wears climate risks going forward. The next 20 years will be different to the past 20 years and require rethinking how risk is transferred and paid for by different stakeholders across the energy market (i.e. networks, insurance companies, consumers). We recommend that a NEM wide project is established to examine how infrastructure specifications can be improved to integrate climate change risks. With the release of the latest AEMO Integrated System Plan, this demonstrates the urgency of getting this right now if these assets are expected to live out until 2040, 2050 and beyond.

Thank you for the opportunity to make a submission to the Low Emissions Technology Roadmap Discussion Paper.

If you have any questions or queries relating to this letter, please contact Rob Law, Executive Officer, Central Victorian Greenhouse Alliance (CVGA)

Regards,

Rob Law

Executive Officer

Central Victorian Greenhouse Alliance

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