Appendix M:

SPI PowerNet Pty Ltd

Transmission Revenue Reset (TRR) 2014/15 – 2016/17

Letter - Relocation of 66kV Assets at Richmond Terminal Station - CitiPower

11 October 2013

30 August 2013

Mr J Snaize
SPAusNet Pty Ltd

Dear James,

CitiPower 66kV Asset Relocations for the re-building of Richmond Terminal Station

Further to recent meetings held between SPAusNet and CitiPower, I wish to confirm the current state of the works required to relocate a significant number of CitiPower 66kV feeders, to enable your re-building programme for Richmond Terminal Station to proceed.

Advice received by CitiPower from SPAusNet in September 2009 highlighted that SPA would be maintaining a half 'outdoor' style 66kV switchyard when re-building the RTS 66kV switchyard. The overhead terminations and the 22kV indoor board would also be retained. However on 24 June 2011 SPAusNet advised they will be re-building the 66kV switchyard as a complete 'indoor style' switchboard and the 22kV room would be located on the other side of the yard to present. This change in design results in CitiPower having to now replace all the overhead 66kV feeder exits, with underground 66kV cable running up to 250m in length.

At a recent meeting between SPAusNet and CitiPower, it was agreed that CitiPower would relocate its 66kV assets, as a funded asset relocation project, with the amount funded by SPAusNet in accordance with any applicable Guidelines, which currently includes ESC Guideline 14.

It is important to highlight the principles behind the requirement that SPAusNet fund these 66kV relocations, and I have summarised the reasons below.

1. The relocation of the overhead 66kV feeders is only being undertaken as a direct consequence of the SPA plans to re-build the Richmond Terminal Station

2. SPA is incentivised to look at the total project costs, including both transmission asset costs plus the associated distribution asset relocation costs, to ensure the overall costs are efficient.
    a. In the absence of this incentive, SPA could design and locate the new transmission assets on site in such a way as to minimise transmission costs, but maximise the distribution cost, and end up with a total cost higher than an efficient level of costs.

I confirm the CitiPower 2010-15 EDPR Submission did not include any costs to relocate and convert overhead 66kV exits at Richmond Terminal Station into 66kV underground cables.

Attachment 1 provides a preliminary plan of the proposed CitiPower 66kV feeder exits, developed in consultation with SPA and your design consultant. I confirm CitiPower is willing to provide a customer relocation offer based on the current preliminary design and SPA fully funding CitiPower's

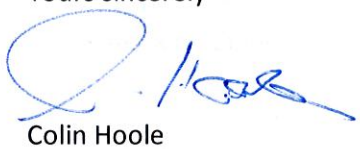
actual costs on completion including 10% overheads as contemplated by Guideline 14. CitiPower's offer shall include milestone payments with the final payment reconciling CitiPower's actual costs incurred.

Based on the current preliminary plan, CitiPower's budget estimate for SPA's contribution to the works, including 10% overheads, is $7,000,000 plus GST.

CitiPower will endeavour to provide our formal relocation offer for your consideration by the end of October 2013.

CitiPower is committed to working co-operatively with SPA to jointly progress our respective works to facilitate the re-building of Richmond Terminal Station. Please contact CitiPower's Customer Development Manager Steve Truman on 03 9297 6065 or email struman@citipower.com.au if you have any queries relating to RTS works.

Yours sincerely



Colin Hoole
Manager Customer Development and Policy
CitiPower Pty and Powercor Australia Ltd

Attachment 1 – Preliminary plan of 66kV feeder exits