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GPO Box 3131  
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Via Email: [AERInquiry@aer.gov.au](mailto:AERInquiry@aer.gov.au)

Department of  
**Employment, Economic  
Development and Innovation**

**RE: Submission regarding the draft decision for Powerlink Queensland (Powerlink) for the regulatory period 2012-13 to 2016-17**

Dear Mr Anderson

Thank you for the opportunity to provide comment on the Australian Energy Regulator (AER) draft decision for Powerlink Queensland (Powerlink) for the regulatory period 2012-13 to 2016-17, and Powerlink's revised revenue proposal of 16 January 2012. The Department of Employment, Economic Development and Innovation (the Department) is pleased to provide this submission in the context of State interests in facilitating appropriate planning outcomes and security of supply in the energy market.

The primary purpose of this submission is to provide clarification regarding the scope of requirements that a transmission service provider must effectively accommodate in its infrastructure planning in Queensland.

**Powerlink capital planning process and securing of easements**

The State has a role in ensuring the needs of the community and economy balance the social, economic and environmental factors with respect to infrastructure planning. Further, that this is done at the lowest feasible economic cost, and with minimal disruption or inconvenience to the community. To ensure that all development in the State effectively meets and complies with these objectives, the Queensland Government has in place a regulatory and policy framework to direct and facilitate infrastructure development.

The Sustainable Planning Act 2009 (SPA) outlines the development approval process and requirements for identifying corridors for electricity infrastructure within Local Government planning schemes. Compliance with the provisions and intent of the SPA, its subordinate instruments and associated development approvals processes including the completion of an Environmental Impact Statement, is an obligation applied equally to all entities and businesses involved in development in Queensland.

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In considering capital investment proposals, it is acknowledged that the current National Electricity Law, National Electricity Rules and regulatory investment tests do not allow for the AER to consider social, economic or environmental impacts external to the market. However, these legislative obligations and requirements do take account of:

- the requirements associated with effective compliance with legislative and regulatory provisions, which encompasses the development approvals processes; and
- optimising investment from a least cost perspective, which includes the timing of that investment.

Consistent with the requirements of the State's regulatory instruments and planning processes, the Department supports consideration of capital investment in a manner which recognises the broader implications and practicalities of implementation.

One of the intended functions of the SPA is to ensure that decision making regarding developments reflects "standards of amenity, conservation, energy, health and safety in the built environment that are cost-effective and for the public benefit". The Queensland Government therefore considers effective compliance with the SPA, and its objectives in relation to the optimisation of public benefits, to represent prudent investment planning.

A good example of this is the Community Infrastructure Designation (CID) process, which is an important element in the land use and infrastructure planning framework under the SPA. The CID process seeks to ensure that the long term impacts to the community are minimised by adoption of a strategic, coordinated approach to land use. It also requires a level of public consultation and environmental assessment for a corridor that is proportionate to its impacts. A forward planning approach to infrastructure development is therefore supported by the Queensland Government, both in principle and through the regulatory provisions governing infrastructure development, to ensure that the network can effectively meet the growing demands of the community.

Powerlink has had in place for some time a planning process which considers future capital developments across a long time horizon. This is considered necessary in the context of infrastructure for which development relies on securing access to highly contested areas of land subject to competition from many potential high value uses.

In submissions to the AER regarding the proposed 500kV project for example, Powerlink has appropriately identified that securing easements for transmission lines may be difficult. The process for securing an easement in compliance with the SPA can become a long, complex and costly process as it seeks to balance the many social, environmental and economic considerations in the best interests of the community. Environmental offsets for example can be difficult to secure in highly contested areas as the availability of suitable land becomes limited. In many cases, it is likely to be advantageous from a procedural and logistical perspective to secure easements and the associated approvals as a single process, rather than to undertake multiple smaller capacity upgrades across various sites over a longer period of time.

For the 500kV transmission line, Powerlink commenced the process of securing appropriate easements more than twenty years ago.

It is also noted that Powerlink (as an established service provider) has experience in managing the logistics of acquiring easements in accordance with the various legislative requirements, and balancing planning certainty with cost efficiency within the context of Queensland's legislative and development requirements.

Across a number of comparable industries, prudent forward planning often results in **assets** being constructed to accommodate reasonable higher capacity in expectation of future growth within the lifetime of the asset in question. For example, it is accepted practice in the transport sector to construct major roadways to a higher capacity than is required on the day they are commissioned, in recognition of forecast growth in demand and the difficulty in securing duplicate or adjacent easements to accommodate future upgrades. Powerlink's process in this regard appears to be reflective of good industry practice.

The Queensland Government supports Powerlink's intention to minimise the new easement footprint of transmission lines across Queensland, where feasible and cost effective to do so. This is particularly the case in view of the relative capacity of 500kV and 275kV lines, and the number of additional lower voltage lines which would be required to achieve future South East Queensland capacity requirements.

### **Requirements for Infrastructure Development under Queensland's Planning Framework**

The Queensland Government has sought to make provision for effective planning of major infrastructure, including the identification of major projects, through its regional planning framework.

Queensland's regional planning framework in particular is a key mechanism through which the State can seek to optimise long term social, economic and environmental public benefits through prudent forward planning.

In particular, the regional plans provide clear direction regarding the protection, management and enhancement of regional landscape values through the planning, design and management of infrastructure. Co-location of infrastructure is a key mechanism supported by the regional plans to minimise the land footprint of development. It is appropriate that this policy is reflected in Powerlink's forward planning regarding location, number and extent of infrastructure corridors.

Powerlink has been working closely with Queensland Government Departments, interest groups and other service providers to ensure that the design and placement of the proposed 500kV lines reflects the social and environmental objectives of Queensland's planning scheme, such as by minimising the land footprint and visual profile of the infrastructure. In particular, it is noted that Powerlink has sought to minimise the cost and logistical impediments of securing easements by employing a partnership approach, consistent with the requirements of the SPA and the Queensland regional planning framework. By way of example, it is noted that in seeking to secure an easement for the 500kV line through the recently defined Flinders to Karawatha Corridor, Powerlink has been actively involved in negotiating an approach which seeks to accommodate the range of planning and development requirements in a proactive (and therefore potentially a more efficient) manner.

The Queensland Government has also recognised Powerlink's intention to progress the 500kV projects in the Queensland Infrastructure Plan. This plan, which provides a comprehensive listing of key projects expected to be progressed in the state over the next 20 years, was the product of extensive consultation across all levels of government, and the community.

## **Consultation on project options**

The AER's recommendation in relation to the 500kV project that alternative easement options be tested with the community is noted.

It is accepted that to effectively comply with regulatory tests for investment, it is necessary for a project proponent to consider alternative options, including (in the case of transmission lines), alternate locations and the staging of upgrades.

A mature infrastructure provision business such as Powerlink should have in place business planning processes which, at an early stage in planning, facilitates evaluation and elimination of options which are unlikely to be practical or effectively comply with legislative requirements or approvals processes.

The "testing" of easements by going out into the community is therefore unlikely to be the most productive approach where the option under consideration is not realistic for a service provider to pursue. As Queensland's legislative framework seeks to balance, social and environmental factors along with economic, it is important that community disruption and uncertainty for business (through delayed investment decisions) is kept to a minimum.

## **Demand growth**

The Queensland Government has outlined its anticipation of continued economic growth in the State Budget 2011-12 mid year fiscal and economic review.

The projected continuation of growth in Queensland's economy and population will drive increased need for a range of infrastructure across the State. The Queensland Government has recognised the importance of infrastructure development to support growth through the planning framework and key positioning documents such as the Queensland Infrastructure Plan.

From the Department's perspective, it is critical to ensure that Queensland's transmission network should be in a position to accommodate the additional demands that economic and population growth, impose on it.

Energy infrastructure and security of supply is critical to sustaining the broader economic wellbeing of Queensland.

It is acknowledged that demand forecasts, by their nature, are subject to uncertainty, and like all planning inputs must be based on the best available information at the time. We understand that, in light of more recent experience, Powerlink has prepared a revised demand forecast, with some consequential amendments to its proposed capital works program.

The Department considers that the AER should give due regard to Queensland's projected economic growth, its implications for electricity requirements, and Powerlink's ability to meet those requirements economically and in accordance with the State's planning requirements.

I thank you for your consideration of these matters.

Yours sincerely



**DAN HUNT**  
**Associate Director-General**  
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