

20 August 2003

Sebastian Roberts
Acting General Manager
Regulatory Affairs – Electricity
Australian Competition and Consumer Commission
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By email: sebastian.roberts@accc.gov.au

Dear Sebastian,

**Murraylink Conversion to Regulated Status: Department of Sustainability and Environment
Letter on Undergrounding**

ElectraNet appreciates the opportunity to review and comment on the opinions expressed by the Victorian Department of Sustainability and Environment in a letter to the ACCC dated 31 July 2003.

ElectraNet has reviewed the letter from John Cooke, Manager - Sunraysia and in summary does not believe that the matters raised and opinions expressed are sufficient to justify the readmission of a “*strategic undergrounding*” allowance in the cost of alternatives for Murraylink as set out in the Commission’s recent Preliminary View on Murraylink conversion to a Prescribed Service – unless the ACCC intends to set a new precedent for “*strategic undergrounding*” in rural and remote areas as prudent that will flow through into the cost of future transmission projects and future valuations of TNSP regulated asset bases.

Assessment under Section 27 and 27A of the National Parks Act 1975

The Department of Sustainability and Environment’s Mr Cooke states:

“The proposal by Murraylink avoided the need to place infrastructure in a National Park. Had Murraylink applied for permission to lay underground powerline or overhead powerlines through the Murray-Sunset National Park, Section 27 & 27A of the National Parks Act 1975 would have applied.”

Mr Cooke goes on to state:

“...Murraylink did not have to seek approval pursuant to Section 27 or 27A of the National Parks Act. As such we can only hypothesise as to how the Minister responsible for the National Parks Act would have responded to an application had it been made.”

Section 27 of the *National Parks Act 1975* deals with rights of public authorities in respect of parks specifically providing that:

“a public authority may, where it has obtained the consent of the Secretary, perform its functions and exercise its powers in and in relation to a park in accordance with the conditions (if any) to which the consent is subject” except where “the Minister considers that the performance of functions or exercise of powers may substantially affect a park”

Section 27A 1(b) allows the Minister to enter into an agreement with an electricity company

“to carry out duties, functions and powers related to the company's purpose in any area that is used for the purposes of or in connection with the company's purpose, being an area of a national park, State park or land referred to in Schedule Three, other than land that is a wilderness zone or a remote and natural area or a reference area under the Reference Areas Act 1978.”¹

How the Minister would make his decision to enter into an agreement under section 27 or 27A is indeed something about which we can only hypothesise. It has not been tried.

The published Management Plan for the Mallee Parks² (which includes Murray-Sunset) includes in its aims to “Minimise the impact of existing and any future utilities in the Mallee Parks.” Such uses are only proscribed in Wilderness Zones, Remote and Natural Areas and Reference Areas.

With reference to the attached map of the area of the Murray-Sunset National Park traversed by the Murraylink alternatives it can be seen that Alternative 3 does not traverse any areas which preclude agreements under Section 27A. The closest reference areas are Millewa and Morkalla, which are approximately 10 kilometres to the North and South respectively. The boundary of the nearest wilderness zone is at least 35 kilometres South of the route.

Given that the Sturt Highway, the principal corridor for East-West traffic between South Australia and New South Wales, already traverses this area of the National Park it is not obvious that an overhead powerline would “substantially affect” the park. In any event the affected portion of the National Park is a maximum of only 12.5 kilometres in length (in the case of Alternative 3).

ElectraNet does not believe it is reasonable to assume that a proponent for an overhead powerline (e.g. Alternative 3) could not reach agreement with the Secretary or Minister (as appropriate).

Precedents Set by Undergrounding of Murraylink

In his summary, Mr Cooke states the belief that Murraylink has established that undergrounding of high voltage powerlines is viable and that it would impact future planning decisions in relation to overhead powerline developments in Victoria.

Murraylink did indeed build a substantial powerline underground but not necessarily at a cost, which a reasonable person would consider prudent or be willing to pay. Murraylink has proven that it is technically feasible to underground high voltage powerlines, not that it is appropriate or prudent in this case.

1 Section 27A (3) allows the Minister to enter into agreements of the same nature as 27A (1) for transmission infrastructure which may traverse reference areas and was in existence prior to the commencement of section 29 of the Electricity Industry (Further Miscellaneous Amendment) Act 1997

2 Available at http://www.parkweb.vic.gov.au/resources/07_0257.pdf

Impact on Future Transmission Line Projects

In developing transmission lines, decisions are made balancing the environmental and other impacts on affected parties with the economic delivery of essential services. Historically this has meant underground solutions have only been implemented in high-density urban areas.

If the ACCC accepts "strategic undergrounding" in rural and remote areas as prudent then ElectraNet expects that this will flow through into the cost of future transmission projects and future valuations of TNSP regulated asset bases.

Please do not hesitate to contact me on 08 8404 7983 or by email should you require any further information concerning this submission.

Yours sincerely,



Rainer Korte
MANAGER REGULATION

MURRAY-SUNSET NATIONAL PARK

