

30 September 2020

Clare Savage  
Chair  
Australian Energy Regulator

Dear Clare

**Re: Contingent Project Application – Project EnergyConnect**

Please find attached a contingent project application for the South Australian component of Project EnergyConnect, submitted in accordance with clause 6A.8.2(a) of the National Electricity Rules (Rules).

Project EnergyConnect is a landmark project that will deliver the first new electricity interconnector between Australian States in 15 years, providing a broad range of benefits and supporting the transformation of the National Electricity Market.

The project involves the construction of a new high voltage interconnector over a route of approximately 860 km between Robertstown in South Australia and Wagga Wagga in New South Wales, together with a short line between Buronga in New South Wales and Red Cliffs in Victoria.

The project will deliver benefits to customers as follows:

- For customers in New South Wales, the interconnector will improve diversity of supply and access to cheaper renewable energy sources as the coal fleet progressively retires, while also unlocking significant renewable energy development along the route.
- For customers in South Australia, the interconnector will provide access to additional capacity when needed to replace expensive gas generation and improve power system resilience and security.

The expected wholesale energy cost reductions far outweigh the network costs of the project for customers, with independent modelling by ACIL Allen projecting an average net reduction in electricity costs of \$100 per annum for a typical residential customer in South Australia.

We submit this application to request the AER to amend the current revenue determination that applies to ElectraNet by the amount of incremental capital and operating expenditure for each remaining year of the current regulatory control period, the total capital expenditure and the incremental revenue required to deliver this contingent project.

We understand TransGrid will today lodge a contingent project application for the New South Wales component of the project.

Submission of this application follows the pre-lodgement process undertaken in accordance with the AER's Process Guideline for Contingent Project Applications, which included the provision of a full draft copy of this application and accompanying material on 14 September 2020 and in the days following, together with a pre-lodgement briefing held on 23 September 2020.

The trigger events approved by the AER for this contingent project have been satisfied as follows:

1. Successful completion of the RIT-T in relation to the project, which occurred with the publication of the Project Assessment Conclusions Report on 13 February 2019.
2. Determination by the AER that the proposed investment satisfies the RIT-T, which occurred on 24 January 2020.
3. ElectraNet Board commitment to proceed with the project, subject to the AER amending the revenue determination pursuant to the Rules, which occurred on 29 September 2020.

Prior to submitting this application, ElectraNet undertook an updated cost benefit analysis to demonstrate that Project EnergyConnect remains the preferred option under the RIT-T. This was provided to the AER on 14 September 2020. The AER's endorsement of this analysis was received on 28 September 2020.

The following material comprises our contingent project application and addresses the information requirements set out in clause 6A.8.2(b) of the Rules:

- Contingent Project Application document
- Project scope summary
- Post Tax Revenue Model (PTRM)
- Cost estimate report
- ACIL Allen customer price impact report

Further supporting material is also provided on a confidential basis to assist the AER in assessing our application, including detailed capital cost inputs and estimates and a project risk register. In accordance with the AER's Confidentiality Guideline, Attachment 1 to this letter provides a completed confidentiality template explaining the commercially sensitive nature of this material.

We look forward to working with the AER through the formal assessment of this contingent project application and to the timely delivery of the project in the interests of electricity customers across the National Electricity Market.

Please direct any queries to Simon Appleby in the first instance on 08 8404 7324.

Yours sincerely

Rainer Korte  
**Group Executive Asset Management**

# ATTACHMENT 1

## Confidentiality Template

Title, page and paragraph number of document containing the confidential information	Description of the confidential information.	Topic the confidential information relates to (e.g. capex, opex, the rate of return etc.)	Identify the recognised confidentiality category that the confidential information falls within.	Provide a brief explanation of why the confidential information falls into the selected category. If information falls within 'other' please provide further details on why the information should be treated as confidential.	Specify reasons supporting how and why detriment would be caused from disclosing the confidential information.	Provide any reasons supporting why the identified detriment is not outweighed by the public benefit (especially public benefits such as the effect on the long-term interests of consumers).
ElectraNet Project Energy Connect Contingent Project Expenditure Forecasts - Confidential – Sept 2020*	Details of capital expenditure cost estimates	Capital expenditure	Market sensitive inputs	The file extensively details information that would affect ElectraNet's ability to obtain competitive prices in future transactions.	If this information is disclosed, it would adversely affect ElectraNet's ability to negotiate competitive prices in the future.	If published this information will compromise ElectraNet's ability to deliver the lowest possible costs, detrimental to long-term customer interests.
ElectraNet Project Energy Connect Contingent Project Risk Register Confidential – Sept 2020*	Details of capital expenditure cost estimates	Capital expenditure	Market sensitive inputs	The file extensively details information that would affect ElectraNet's ability to obtain competitive prices in future transactions.	If this information is disclosed, it would adversely affect ElectraNet's ability to negotiate competitive prices in the future.	If published this information will compromise ElectraNet's ability to deliver the lowest possible costs, detrimental to long-term customer interests.
ElectraNet Project Energy Connect Contingent Cost of Estimate Report – Confidential – Sept 2020	Details of capital expenditure cost estimates	Capital expenditure	Market sensitive inputs	The file extensively details information that would affect ElectraNet's ability to obtain competitive prices in future transactions.	If this information is disclosed, it would adversely affect ElectraNet's ability to negotiate competitive prices in the future.	If published this information will compromise ElectraNet's ability to deliver the lowest possible costs, detrimental to long-term customer interests.

\*A public version of this material is not available given the nature of the information it contains

## Proportion of Confidential Material

Document Title	Number of pages of submission that include information subject to a claim of confidentiality	Number of pages of submission that do not include information subject to a claim of confidentiality	Total number of pages of submission	Percentage of pages of submission that include information subject to a claim of confidentiality	Percentage of pages of submission that do not include information subject to a claim of confidentiality
Contingent Project Application and Attachments	42	119	161	26%	74%

Note: each sheet from the relevant Excel file is counted as a page