

Hon. Patrick Conlon BA LLB (Hons) MP

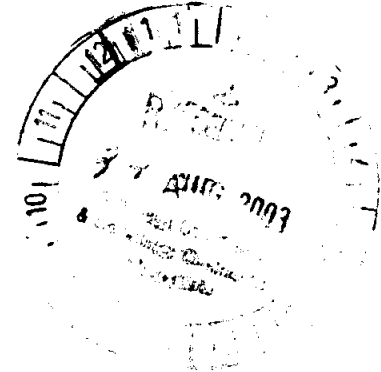
Minister for Infrastructure

Minister for Energy

Minister for Emergency Services

TF03D05773

Mr Sebastian Roberts
General Manager
Regulatory Affairs – Electricity
ACCC
GPO Box 520J
MELBOURNE VIC 3001



Dear Mr Roberts

I refer to the e-mail from Maxine Helming of 14 August 2003 requesting comments on the letter of 31 July 2003 from the Victorian Department of Sustainability and Environment regarding the requirement for tactical undergrounding as part of the Murraylink conversion application. I am pleased to make the following comments on behalf on the South Australian Government.

It is not surprising that the Department of Sustainability and Environment would consider that the Murraylink project provides "precedents" for infrastructure developments, from their perspective. Although undergrounding may be technically feasible with lower visual environmental impacts, this must be balanced against the significant increase in costs that must in the end be paid for by consumers in applying the (net public benefit) Regulatory Test. Should undergrounding become the precedent for transmission developments, consumers are going to face large increases in the cost of energy in the future.

In any event, as I indicated in my original submission on the ACCC's preliminary view, the ACCC must endeavour to find the lowest cost solution with no specific regard to the technical specifications and route utilised by Murraylink. The choice of Murraylink's proponents to put the line underground, does not indicate that this is the most efficient or appropriate solution for South Australian electricity consumers. The requirement on the ACCC is to find the least cost method of transferring an equivalent amount of power into SA. This is consistent with undertaking a conversion process in accordance with the Regulatory Test.

Accordingly, the ACCC must continue to consider alternative solutions to find the least cost benchmark. I note that Planning SA's letter to you dated 3 April 2003, discussed an alternative route from the Monash substation via an alignment south of the River Murray from the SA/Victoria border and a river crossing at Lyrup. Planning SA has advised that this route does not traverse sensitive landscapes and would be likely to proceed as an aboveground interconnector. Accordingly, I urge the ACCC to consider all possible options, including options that would not require tactical undergrounding.

In summary, although the Murraylink process might have set "precedents" for Victorian planning as far as the Department of Sustainability and Environment is concerned, this does not exclude consideration of significantly cheaper above ground options by the ACCC as part of the Murraylink conversion application.

On behalf of the Government I thank the ACCC for the opportunity to provide comment on this issue.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Conlon', written in a cursive style.

HON PATRICK CONLON MP
MINISTER FOR ENERGY

22 August 2003