

Submission on the stage 1 contingent project application for the HumeLink project – Kyeamba Valley Concerned Landowners Group and Westwood Action Group, May 2022

Kyeamba Valley Concerned Landowners Group and Westwood Action Group submit the following objection to the Australian Energy Regulator (AER) on [TransGrid's Contingent Project Application for HumeLink Stage 1 \(Early Works\), 5 April 2022](#).

It is considered that the HumeLink project is not eligible to submit a contingent application as not all the criteria of the National Electricity Rules (NER), clause 5.16A.5, have been satisfied. In particular, criteria (a) of NER 5.16A.5 is not satisfied.

NER clause 5.16A.5(a) requires that:

(a) the RIT-T proponent must issue a project assessment conclusions report that meets the requirements of [clause 5.16A.4](#) and which identifies a project as the preferred option (which may be a stage of an actionable ISP project if the actionable ISP project is a staged project)

A requirement of clause 5.16A.4 is that there is a Reapplication of Regulatory Investment Test for transmission

(n)If:.....

(2)there has been.....:

(i)a material change in circumstances which, in the reasonable opinion of the RIT-T proponent means that the preferred option identified in the project assessment conclusions report is no longer the preferred option;

Whether or not the proponent is of the opinion that “*the preferred option identified in the project assessment conclusions report is no longer the preferred option*”, there is significant doubt in the community (landowners and electricity consumers of NSW), that the option being progressed by the proponent is the best option. This is because of two material changes in circumstance discussed below.

Firstly, the proponent in the Project Assessment Draft Report (PADR) proposed a single-circuit configuration. The proponent changed this to a 100% double-circuit configuration in the Project Assessment Conclusions Report (PACR). **The change to a 100% double-circuit configuration is a material change in circumstances.**

Secondly, the proponent in the PADR estimated a project cost of \$1.350 billion. In the 18 months from the release of the PADR in January 2020, to the release of the PACR in July 2021, the project cost more than doubled to \$3.317 billion. **The doubling of the cost of the project is also a material change in circumstances.**

NER clause 5.16A.4(a) requires that:

*‘.....the RIT-T proponent for that RIT-T project and must apply the regulatory investment test for transmission to, and **consult all Registered Participants, AEMO and interested parties** on, that RIT-T project’.*

These material changes from the PADR to the PACR mean that stakeholders have not had opportunity to comment on the new configuration and now much higher expected cost.

We note that the AER has said in a letter to Kyeamba Valley Concerned Landowners Group & Westwood Action Group in April 2022 that:

'Participation in the consultation processes prescribed under the RIT-T framework is critical to ensuring that RIT-T proponents are demonstrating how they have addressed stakeholder concerns. We strongly encourage stakeholders to participate fully in future RIT-T consultation processes and thereby contribute to robust RIT-T outcomes'.

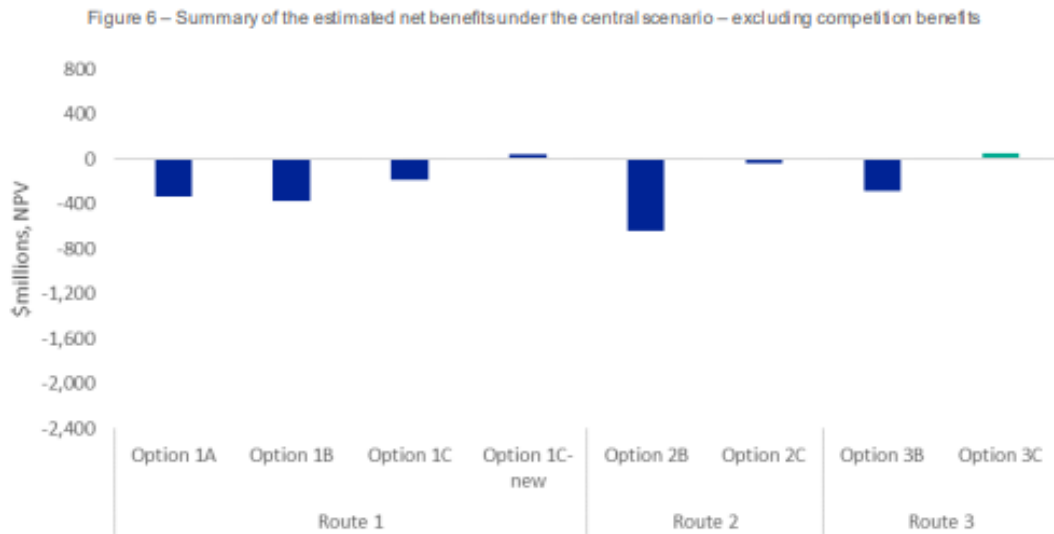
The AER describes the consultation processes under the RIT-T as "critical", and yet material changes late in the project have had limited consultation. Further the proponent failed to disclose in the PACR the ability of stakeholders to lodge a Dispute with the PACR. The PACR Dispute process is an important final opportunity in the RIT-T to comment on the project. Not disclosing the Dispute with the PACR process is a significant failure of the proponent to consult as required under *NER clause 5.16A.4(a)*.

The community submitted a late Dispute with the PACR stating that the proponent failed to assess all credible options, equivalently, as a 100% double-circuit configuration. In particular in the PACR, Option 1C wasn't evaluated as a 100% double-circuit configuration.

While the proponent has responded with the Addendum to the PACR, we continue to have serious concerns about the robustness of the analysis. There are considerable inconsistencies in cost estimates across options that haven't been substantiated.

Irrespective of the inconsistencies, it is our strong view that Option 1C-new assessed in the Addendum to the PACR, is the optimal solution. The net benefit is \$40m for Option 1C-new and \$49m for Option 3C for the Central scenario. This is a \$9m difference, insignificant for a \$3.317 billion project (see Figure 6 below). By any objective measure, Option 1C-new that is 94 km shorter (a quarter shorter) than Option 3C, with substantially less environmental impacts, is undoubtedly the preferred option.

Figure 6 shows the overall estimated net benefit for each option under the central scenario.



Source: Reinforcing the NSW Southern Shared Network to increase transfer capacity to demand centres (HumeLink), PACR Addendum, December 2021, p8.

To ensure the long-term interests of electricity consumers of NSW, it is essential that the proponent’s analysis in the PACR and the Addendum is independently and comprehensively reviewed.

The proponent says:

‘HumeLink will be our largest capital project since construction of our existing network. It involves around 360km of new 500 kV transmission lines’ A.1 HumeLink – Stage 1 (Early Works) Contingent Project Application, Transgrid, April 2022, p11.

Given a project of this size it would be prudent and in line with the Rules to reapply the RIT-T to allow “critical” consultation on material changes late in the project. Certainly, before the project can proceed to the next stage, the PACR and the Addendum to the PACR need to be independently and comprehensively reviewed.

Kyeamba Valley Concerned Landowners Group and Westwood Action Group

30/5/2022