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27 March 2003

Mr. Sebastian Roberts
Acting General Manager
Regulatory Affairs – Electricity
ACCC
PO Box 1199
Dickson ACT 2606

Re: Review of Regulatory Test

Dear Mr Roberts

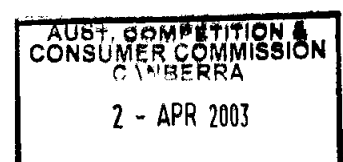
I write on behalf of Power Down Under (PDU), a community group formed to stop the proposed erection of a high voltage overhead power line between Millmerran and Middle Ridge in Queensland. Despite our novice understanding of the electricity market in Australia, as a group we have a number of concerns as to how these proposals become operational under such monopolies as Powerlink.

The first part of our submission makes comment on those parts of your Discussion Paper which are of interest to PDU. The second part refers to other issues PDU considers to be critical to the ACCC's deliberations.

SUBMISSION PART 1

Part 1 Introduction (Page 5) '... existing arrangements for the planning and approval of regulated network investment have been widely criticized.'

Comment: This statement, taken as fact, is evidence that a significant overhaul of the existing arrangements needs to be undertaken. PDU is also critical of the current arrangements as they are narrow in their application of cost benefit analysis, enable monopolies to operate under State government statutory power in Queensland, enable focus on the short term future and not on long term sustainability, enable different approaches across state borders, and are extraordinarily difficult to comprehend and hence criticize.



Part 1 Introduction (Page 5) '... Commission received 19 submissions.'

Comment: The organizations that provided these submissions have a vested interest; it is interesting to note that no submissions were received from community and other interest groups. Clearly to form 'three options' from this skewed information needs to be treated with caution as members of communities affected by power transmission have not had their say.

Part 2.1 Maximising net market benefits (Pages 6-9) '... regulatory test uses a cost-benefit framework so that an optimal outcome is identified and not just any option that generates a net public benefit or a positive Net Present Value (NPV).'

Comment: PDU is of the view that Powerlink uses the least cost test as determined by dollars spent to erect a structure. Further, PDU is not convinced that in Queensland any real cost-benefit test is applied and weighted using the principles of inclusiveness, equity and fairness when making decisions. Also of concern is the apparent lack of surveillance of the actions of Powerlink to demonstrate their compliance with the intent of the regulations.

Part 2.1 Maximising net market benefits (Pages 6-9) '... Powerlink ... agree that the current test for reliability augmentations is appropriate.'

Comment: Powerlink not surprisingly agrees with the current situation, as it currently enjoys a monopoly situation which is supported by the State government. There is little evidence of public accountability in their practice hence their support for no change to the regulatory process. Monopolies such as Powerlink have the opportunity to abuse statutory powers as there is no 'watch-dog' which audits their practices in respect of land acquisition.

Part 2.2 Competitive impacts of network investment (Page 9) '... competition benefits should be included in the market benefit stream of the regulatory test.'

Comment: PDU notes that on page 11, Powerlink refers to the state's interest. Translated this means in the interest of those in power and not necessarily in the interests of the collective of the State. This is a dangerous position to adopt as it provides unreserved right to move to an autocratic and unaccountable approach when building transmission lines. It is noted that on page 14 of your Paper reference is made to concerns about the misuse of monopoly positions, PDU asserts that the only way to eliminate conjecture about monopoly misuse of power is to eliminate monopolies.

SUBMISSION PART 2

PDU requests that the Commission consider the following provided in response to the invitation included in *Part 3.3.3 Conclusion*.

Factors to be considered when conducting a cost benefit should be holistic and representative of the trends and issues of contemporary society. When considering landholders affected by proposed over-head high voltage power lines, the cost factors should include but not be limited to:

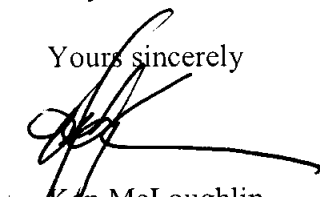
- Social Factors (including community relations);
- Family Impact (including stress, disruption to planning – succession plans);
- Health Threat (including tumours, stress);
- Business Viability (lost asset equity, reduced return [eg organic farming, thoroughbred breeding, cattle and crop operations], lost superannuation from asset sale, lost opportunity to sub-divide);
- Workplace Health & Safety Implications (liability for staff working under power lines);
- Environmental Degradation (land and vegetation management, endangered species, visual vandalism;
- Utility Full-life Costing; and
- Infrastructure Object Danger (potential for crop dusting disaster, fire disaster).

It appears that Powerlink has interrupted the regulations by pursuing the 'least cost' option as the answer to the minimization of costs test. This is not acceptable in this age and the maximization of benefits test should always be applied and in so doing those directly affected are deserving of being given the premium consideration. PDU requests that all current proposals in Queensland are shelved until:

1. There is clear evidence that Powerlink is complying with all regulatory requirements;
2. The Commission determines its revised regulatory process; and
3. The Commission comment on the monopoly status of Powerlink.

Thank you providing PDU with the opportunity to respond to the discussion paper. I trust our comments are constructive and we receive advice regarding the outcome in the very near future.

Yours sincerely



Ken McLoughlin
Chair PDU

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31 March 2003

Hon Paul Lucas
Minister for Innovation and Information Technology
PO Box 187
BRISBANE ALBERT STREET QLD 4002

Dear Paul

Re: Proposed Power Line, Millmerran to Middle Ridge

I write to inform you of proceedings at the Community Meeting held on 18 March 2003. As you would be aware, Mr Jardine of Powerlink was in attendance.

In summary, in excess of 200 people registered their attendance at the meeting with many more offering their apology due to other commitments. I am pleased to report that many of the attendees were from Toowoomba and surrounds, clearly an indication of your government's lack of understanding of the impact that Powerlink's proposal has on the broader community. I have no doubt that this ground swell of support will continue in coming months.

Feedback that I have received suggests that Mr Jardine has again failed to demonstrate an understanding of the impact of his proposal on the people and the businesses in the community. During the course of the discussion Mr Jardine stated that the:

- Hon Mr MacFarlane MP was wrong in his assertion that Powerlink did not have to meet the least possible cost requirement in respect of this proposal; and
- ACCC was the primary 'driver' and rule maker that defined the parameters in which Powerlink operated without discretion.

Further, Mr Jardine failed to explain why a straight-line direct route was not the preferred option when meeting the least possible cost requirement. Your comments on this option would be appreciated.

Without directly stating his position, Mr Jardine made comment that he is preparing your response (by providing technical advice) in respect of concerns we raised with you at our recent meeting. This has potential for a conflict of interest as Powerlink has a vested interest in the outcome when briefing your office. Please advise if your policy officers have, independent of Powerlink, provided advice to you when preparing your response to the issues raised by Powerlink's proposal.

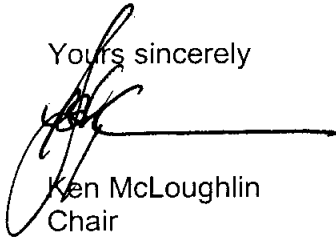
Of further concern is the report in the local media on 19 March 2003, where you again are quoted as having stated that underground lines cost twelve to fifteen times more than overhead lines. Please provide your workings, including all assumptions that led you to this conclusion.

There appears to be no end to the bureaucratic buck-passing in respect of the electricity transmission industry. In an attempt to end some of the confusion, you are requested to convene a meeting with the ACCC (Regulatory Affairs – Electricity), Mr MacFarlane MP, and two Power Down Under representatives. Power Down Under would appreciate this occurring prior to the commencement of the environmental impact study.

As a member of parliament and a representative of the community, I again call on you as the decision maker to abandon the proposed Millmerran to Middle Ridge line and honour previous government commitments given to and received in good faith by the community. As outlined in our meeting and through the Briefing Paper supplied, this can be achieved by upgrading Tarong to Middle Ridge and upgrading Westlink.

Power Down Under again appeals to you to make a decision that is in the best interests of the community and is consistent with the objectives of the Smart State.

Yours sincerely



Ken McLoughlin
Chair
Power Down Under

Copy Mr P Beattie, Premier of Queensland
Mr I MacFarlane, MHR
Mr S Roberts, ACCC