

5th February 2015

Mr Chris Pattas
General Manager
Network Investment and Pricing
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Submission lodged online at: TransGridrevenuereset@aer.gov.au

Dear Mr Pattas

TransGrid – Revised Revenue Proposal 2014-18

Snowy Hydro appreciates the opportunity to comment on the AER draft decision and TransGrid's revised revenue proposal.

Snowy Hydro takes this opportunity to express its concern in relation to possible further deferment of low span remediation works in the NSW shared transmission network, and in particular those lines between the Tumut and Yass/Canberra switching stations (Lines 1 & 2). Snowy Hydro owns and operates the Snowy Mountains hydroelectric scheme with assets located within and around the Kosciuszko National Park and has connection agreements with TransGrid for all of its hydro generating stations. Snowy Hydro also has direct experience in the effects on environment, infrastructure and the safety of its employees and the public caused by bushfires, in particular the 2003 Kosciuszko fires.

The transmission lines that transit the Snowy Mountains are the earliest 330 kV lines designed and built in Australia (dating to 1957) and were designed and constructed using standards, techniques and equipment that does not match that required or available today. Further to this, these lines can cross rugged mountainous terrain which presents significantly different clearance issues to those of lines traversing flat open country. The alpine sections of these lines also need to consider clearance during times of heavy snow cover, when the traversable ground level can rise by several meters due to snow cover. Since the commissioning of these lines in the 50's and 60's, public utilisation of the park has greatly increased in all seasons, increasing the public risk exposure relative to the construction era.

When these lines were designed stability issues often dominated transfer capability requiring that the lines were operated below their design thermal capacity. This lower limit provided a risk control that could be applied by a designer and/or operator in any risk assessment where a clearance issue may have been either certain or uncertain. However with continued development of the transmission system and increased generation and reactive support capacity (to meet demand within the state), those early stability limits have receded and line utilisation is now available up to the actual design thermal line limits.

The highest utilisation of the interconnecting lines between the Snowy Mountains and NSW typically occur during the NSW summer peak load periods, coincident with the hottest and driest days. The combination of high line loadings and high ambient temperatures results in maximum conductor sag and therefore minimum line clearances, a condition coinciding with times of maximum bushfire risk.

Snowy Hydro considers that with respect to public safety TransGrid, as owner/operator of the NSW transmission grid is obliged to apply asset and risk management practices that are applicable to current National Electricity Rules and legal statutory requirements such as the Work Health and Safety Act 2011 and not those that may have existed 50 or even 20 years ago under different statutory arrangements. In this regard TransGrid is best placed to assess and mitigate the risks it is facing and must live by its decisions and actions. In its revised proposal Snowy Hydro considers that TransGrid have developed an appropriately prioritised low span remediation plan, at a level of detail and cost suitable for it to diligently manage its risks and legal obligations.

Snowy Hydro also highlights that the Tumut to Yass/Canberra 330kV lines are critical transmission lines that facilitate the transfer of electricity across the NSW and Victoria regions. Without remediation the transmission transfer capability between the NSW and Victoria regions may significantly reduce with adverse consequences for customer reliability, competition in the wholesale national electricity market, less ability for inter-regional trading between regions, and hence a significant economic loss to end consumers.

Snowy Hydro appreciates the opportunity to respond to this consultation. Should you have any enquires on this submission then contact Brian Williams on 0448089090 or Brian.Williams@snowyhydro.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K Ly', with a horizontal line underneath.

Kevin Ly

Manager, Market Development & Strategy