

VETO Senate Inquiry Submission

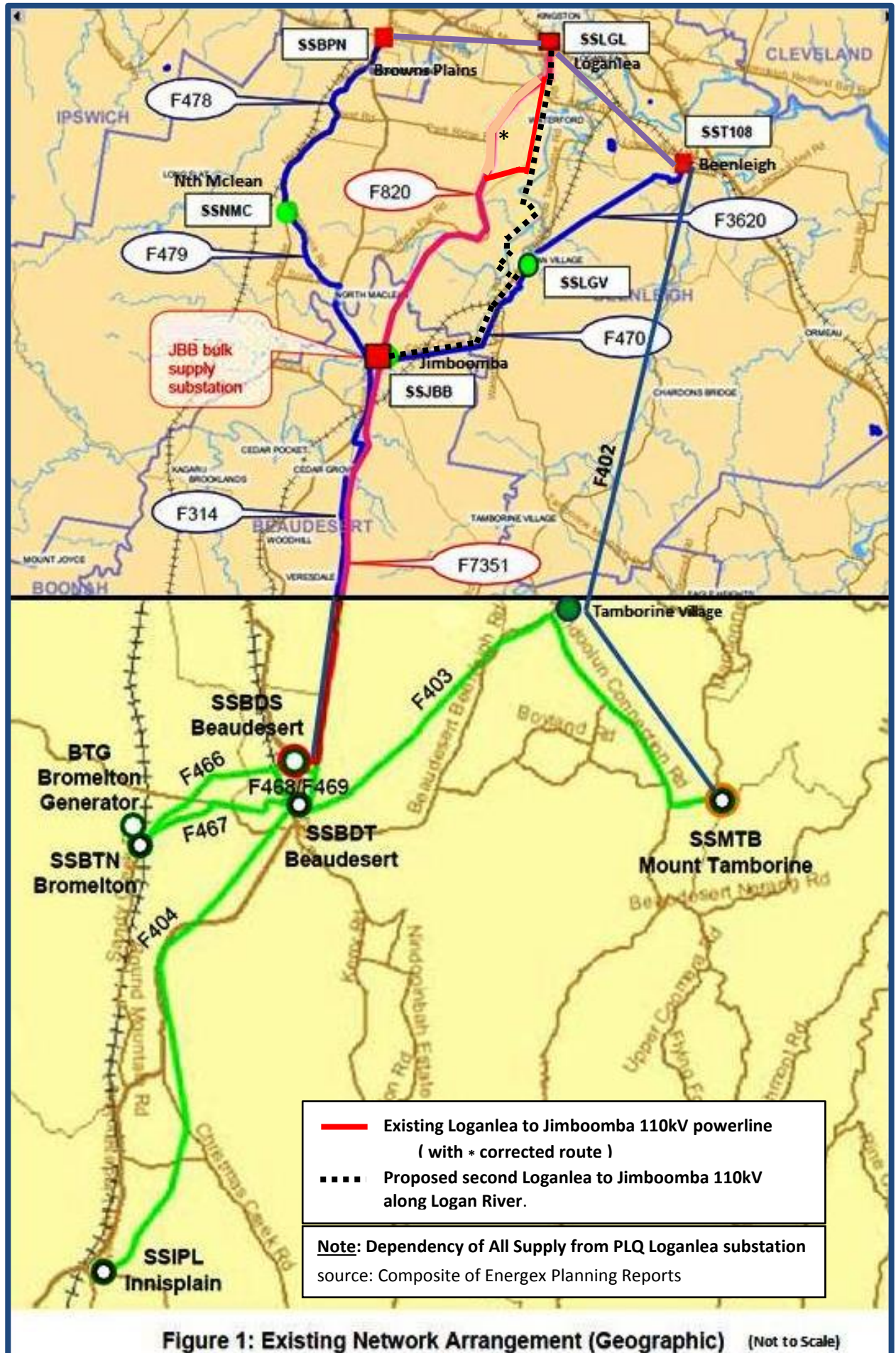
Part 2

Appendices

- A Existing Network
- B Map of Proposed Urban Development Areas
- C Map of Electricity Network & Forecast Loads
- D Logan River Flood Maps
- E Proposed Logan River Section
- F Shared Poles over Logan Motorway
- G Energex Papers obtained by Right to Information (RTI)
- H Flagstone Strategic Network Plan changes
- I AER Report on Loganlea to Jimboomba Regulatory Test
- J Transcript of Queensland Estimates Hearing (Extract)

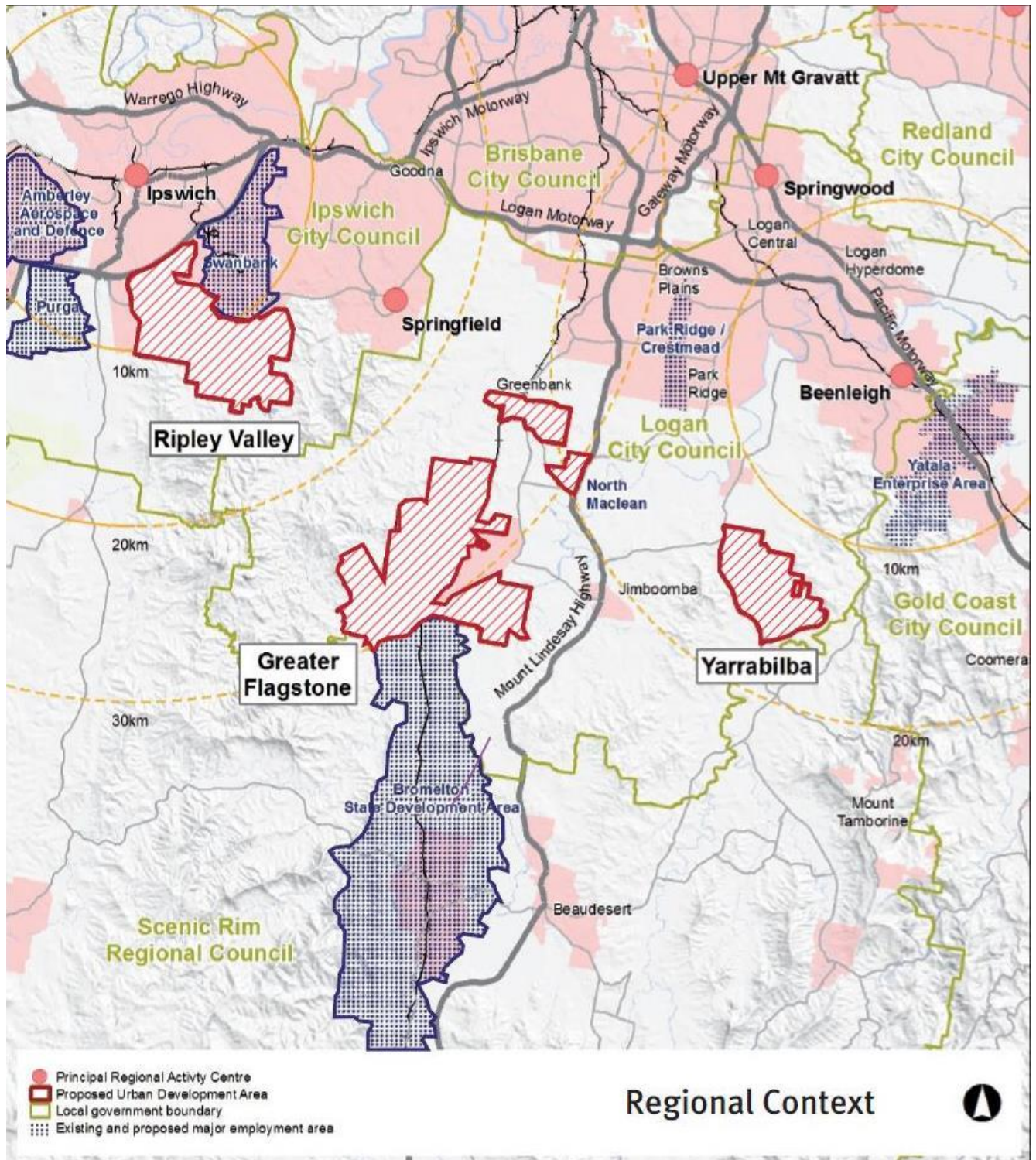
Appendix A - Existing Energex Network

Showing existing F820 powerline in Red and back-up 33kV services in Blue & Green.



Appendix B - Map of Proposed Urban Development Areas in Logan

This Map shows the high growth communities planned south of Brisbane. Where following expansion in the 2008 council amalgamation, the population of Logan City Council is expected to double over the next 20 years with an extra 200,000 people predominately living in the high growth areas identified in Greenbank, Greater Flagstone and Yarrabilba.

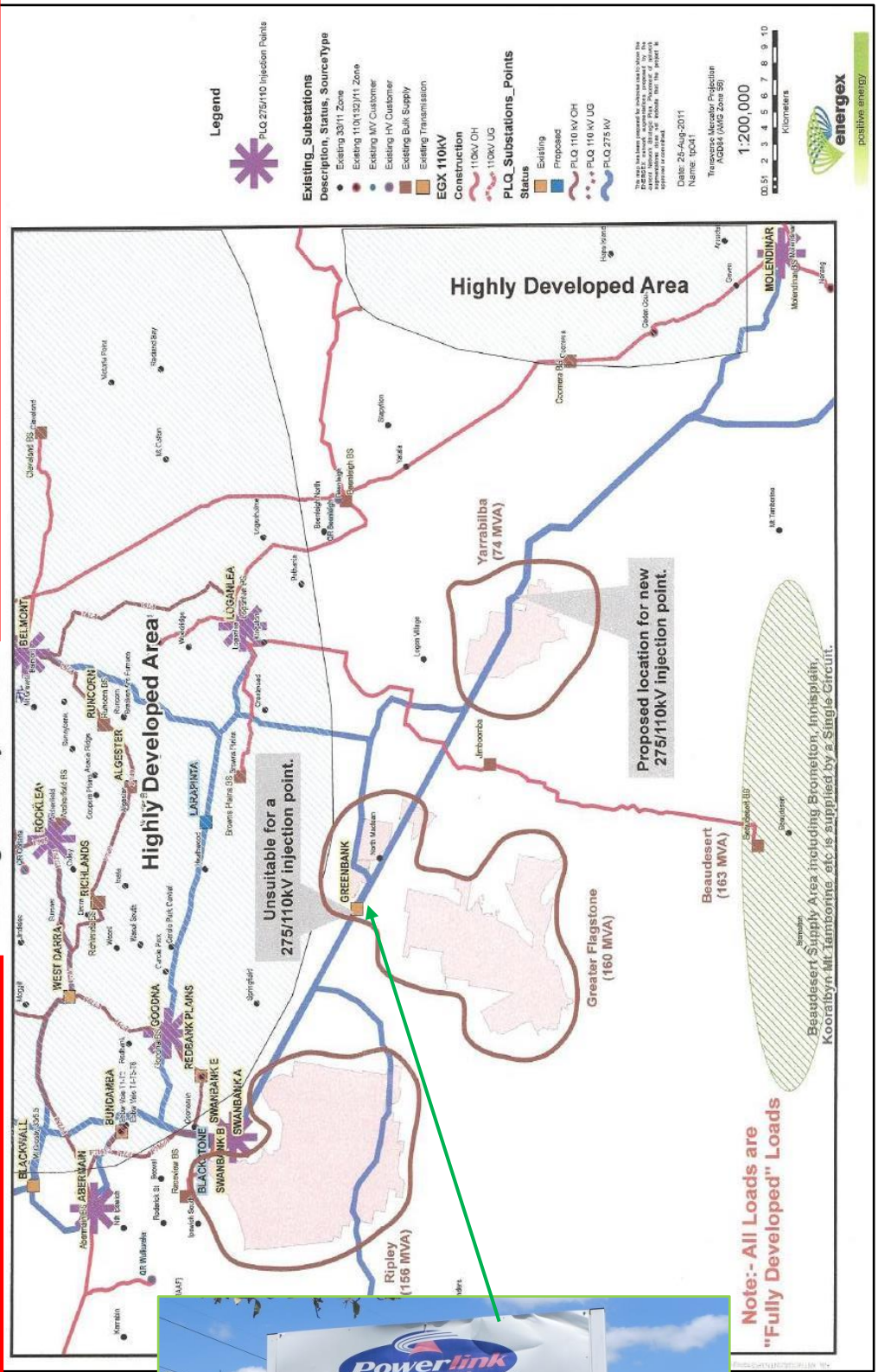


Source: Urban Land Development Authority 2010

Appendix C - Map of Forecast Electricity Network Loads

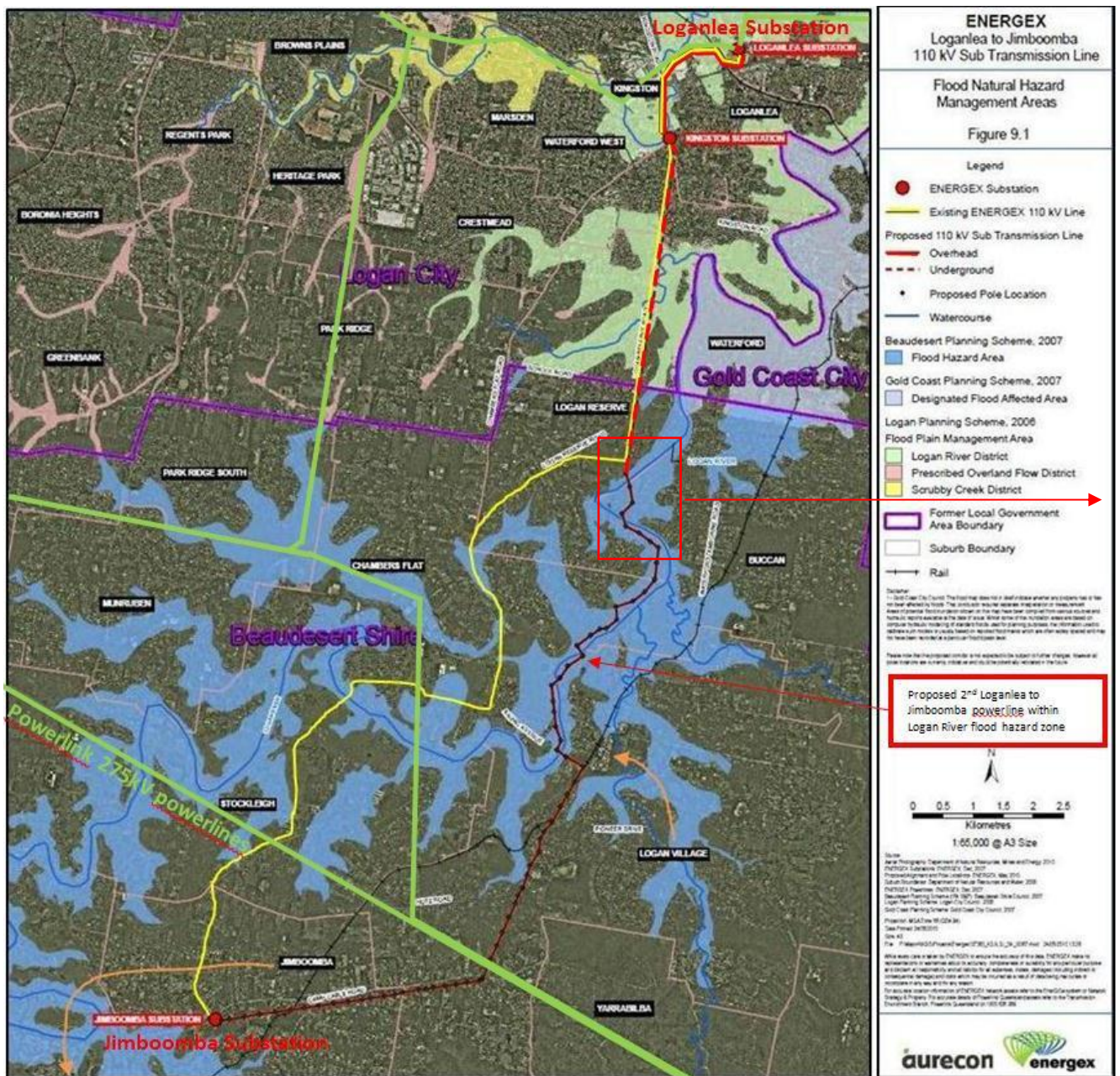
This 2011 Energex Map highlights the expected location of “Fully Developed Loads” in the Region and clearly shows that a 275/110kV substation at the established Powerlink 68ha Greenbank site would be well located to support Greater Flagstone (4kms south via New Beith Road), Jimboomba & Yarrabilba as well as growth in Ripley, Springfield, Greenbank, Beaudesert, Bromelton and the proposed electrified Metro Rail extension to Beaudesert.

However on this Map Energex claim that Greenbank is “Unsuitable for a 275/110kV injection point substation”, even though this site was originally justified for this purpose. The Powerlink sign on the SE corner advises that a 275kV substation is planned for this site and the Oakley-Greenwood Report (page 51) shows that a 275/110kV substation was being planned at this 68 ha Greenbank site in 2007 and 2008.



Appendix D - Logan River Flood Map

This Map shows the existing Loganlea to Jimboomba 110kV powerline in yellow, the existing Powerlink 275kV powerlines in green and the proposed second Loganlea to Jimboomba 110kV powerline in red, with 6.5kms following the Logan River and 29 poles to be located in the Logan River flood hazard zone.



source: Energex FIAR June 2010

In January 2013, the remnants of Cyclone Oswald caused widespread electricity outages, with 22,000 consumers in this Logan Country Region without electricity supply for 4 to 6 days. When Energex spokesperson Mike Swanston was asked when supply would be restored, he advised **“we can’t get in to restore supply”** because local and major roads were flooded and inaccessible.

During future floods, how do Energex expect to maintain reliability of the proposed powerline, purposely located for 6.5kms along the Logan River with 5 crossings, when they still **won’t be able to get in !!**

Appendix D - Logan River Flood Map contd.

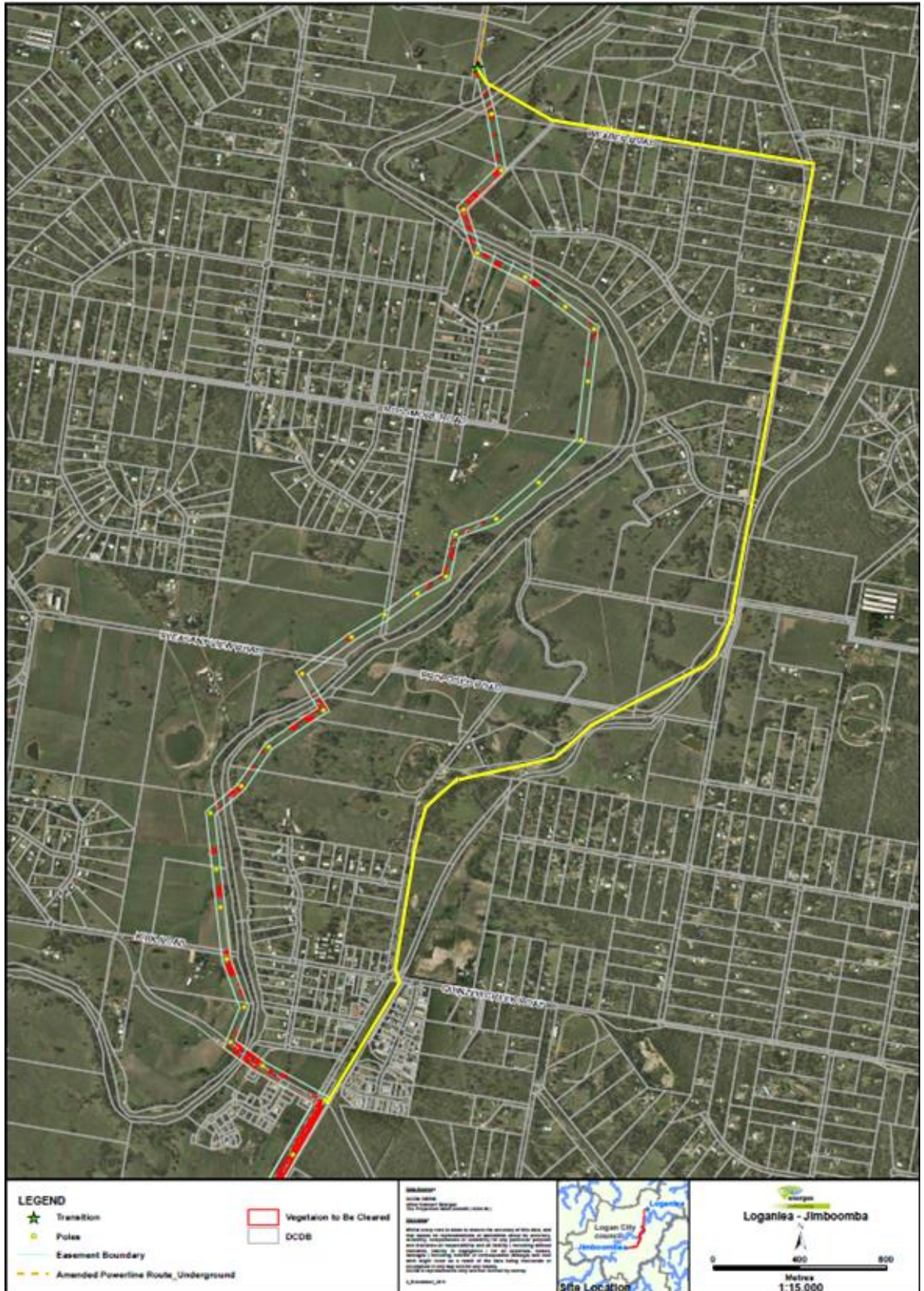
Energex map showing the proposed second powerline at crossings 1 and 2, the Q100 flood level (in blue) and the proposed concrete power poles in line with the high flood current section of the river adjacent to the Natalie Road cliff.



source: Energex FIAR June 2010

Appendix E – Proposed Logan River Section

Map showing the proposed second Loganlea to Jimboomba 110kV powerline and the 40 metre easement to be cleared of vegetation (red) along the Logan River, with a possible Alternative route along main roads shown in Yellow.

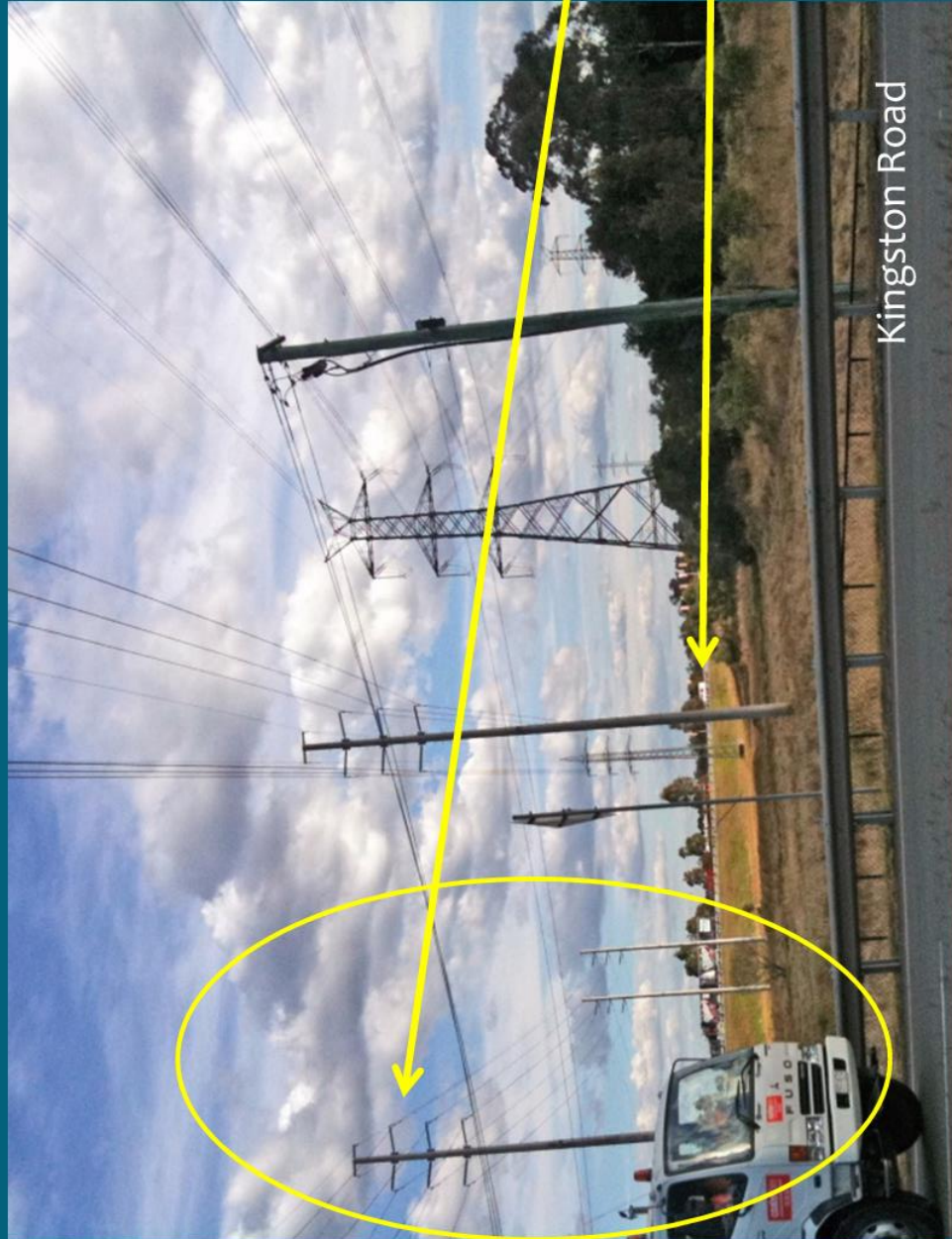


source: Oakley-Greenwood Report Appendix 9.2.1 to show proposed vegetation clearing along the Logan River



5. Issue: Reliability

Existing Powerlines over Kingston Rd and Logan Motorway



Looking West from Kingston Road with multiple powerlines in close proximity to busy roadways = High potential for a major outage!

Note: This picture shows the Powerlink 275kV supply to Loganlea and Energex 110kV feeders from Loganlea converged together in the “Scrubby Creek easement” over Kingston Road and the Logan Motorway. The existing F820 and proposed second Loganlea to Jimboomba 110kV feeders are shown sharing the same pole and adjacent poles near these busy roadways. The potential for supply to be knocked-out on both of these services simultaneously is real and possible.

BOARD MEMORANDUM

ENERGEX Limited - ABN 40 078 849 055

MEMO NO: 14540
 MEETING DATE: 27/01/2009
 SUBJECT: ESTABLISHMENT OF LOGANLEA TO JIMBOOMBA SECOND 110 KV FEEDER

PURPOSE OF MEMO

To seek Board approval to carry out network capacity augmentation works in the Jimboomba area for completion in 2011, at a total estimated cost to ENERGEX of approximately \$36.17M at 2008/09 prices, subject to no feasible non-network solution(s) being identified during the consultation process under the National Electricity Rules (NER) which subsequently changes the scope and/or timing of the proposed project works. The equivalent amount in escalated terms over the expected life of the project is \$39.52M.

BACKGROUND

Electricity demand in the Jimboomba and Beaudesert areas is experiencing consistent growth as a result of residential and commercial development. This growth is forecast to continue. ENERGEX's network planning studies in the above areas have determined that the subtransmission network supplying the area is forecast to exceed N-1 capability in winter 2010. A range of options were considered including do nothing, establishment of Loganlea to Jimboomba second 110 kV feeder, establishment of a 110 kV feeder from Swanbank to Jimboomba and establishment of a 110 kV feeder from Browns Plains to Jimboomba. Comparative Net Present Value (NPV) analysis was undertaken on these options and a range of sensitivities were conducted as required by the regulatory test process to determine the lowest cost option in a range of scenarios. The option to establish a Loganlea to Jimboomba second 110 kV feeder in 2011 was the preferred option from this analysis and provides the optimum, most practical solution at the lowest NPV.

PROPOSAL

Detailed technical and economic analysis has shown that the preferred network solution that satisfies the least cost development option, based on 2008/09 prices, involves:

- Establishing a new 27km predominately overhead 110kV feeder (F7354) from Powerlink's Loganlea substation (SSH22) to Jimboomba bulk supply station (SSJBB). The feeder route consists of:
 - 3km of existing 110kV constructed section of line presently energised at 33kV. This section is on an established and approved corridor, so there are no property issues.
 - 2km of 110kV underground cable through the heavily urbanised area in the vicinity of Kingston Substation (SSKSN) where an acceptable overhead route could not be obtained due to the existing overhead assets in this area. This section is in road reserve and no significant property issues are anticipated.
 - 22km of 110kV overhead construction through the rural area, of which 7km requires rebuilding an existing 33kV feeder on the same structures as the proposed 110kV feeder. This section is to be constructed as overhead in accordance with the ENERGEX undergrounding policy and in expectation that the overhead construction can be successfully negotiated with the community. The first 15km requires new corridor / easements to be acquired and the final 7km will require widening of the corridor / easements.
- Installation of 1 x 110 kV feeder bay including circuit breaker and revenue metering on bus-2 at SSH22 (by Powerlink Queensland) and connection of F7354 at SSH22 and SSJBB.



Figure 1 in **Attachment 1** provides a geographic representation of the proposed electricity supply network. SSH22 is the Powerlink Loganlea transmission substation and SSLGL is the co-located ENERGEX Loganlea bulk supply substation.

Preliminary works have commenced to acquire easements for the feeder corridor and seek development approval for its construction including the necessary community consultation and environmental investigations. This request for approval includes estimated costs for this stage of the work.

This overall project is consistent with the current Network Management Plan (NMP), but no details on scope and cost are provided in the NMP.

FINANCIAL IMPLICATIONS

The total estimated capital cost of this proposal is approximately \$36.17M at 2008/09 prices. ENERGEX funding has been made available for these works in the 2008/09, 2009/10, 2010/11 and 2011/12 Programs of Work as per the table below. An estimate has been made of the escalated equivalent cost, based on standard escalation rates for the expected project expenditure timing. This escalated amount is \$39.52M.

PROJECT	COMBINED 2007/08 AND 2008/09 POW PROVISION	FUTURE ESTIMATED PROJECT COST	TOTAL ESTIMATED PROJECT COST
C0100746 - KSN-JBB 110 kV Easement and Route	\$0.55M	\$9.95M	\$10.5M
C0100550 - H22-JBB Establish 2 nd 110 kV Feeder	\$0.62M	\$25.05M	\$25.67M

RISK ANALYSIS

The major risk associated with the proposed works is that an alternative feasible non-network option is identified during the consultation process. Based on discussions with likely stakeholders who may have an interest in a non-network solution, the risk of this occurring is considered to be low.

Initial indications are that there may be significant opposition to the proposed line, which will be managed through a robust community consultation and engagement process. There are 140 directly affected land owners along the route. The most vocal group at present represents approximately 6-7 of these directly affected land owners in a rural residential estate at the northern end of the new overhead section. Other potential risk areas include where the new line passes through the outskirts of Logan Village and in the southern section where the existing 33kV line is to be rebuilt. Community engagement strategies include the early release of the corridor options, regular community newsletters, public information displays, regular briefings to local MPs and Councillors and the formation of a community reference group.

Known construction and material cost escalation risks have been assessed and allowed for in the estimation process for the proposed network augmentation option. In accordance with established processes, no specific contingency allowance has been added to the project estimate and the project is managed within a 10% margin of the estimate. If at the time of detailed design or at any subsequent phase of the project, the estimated cost exceeds the approved amount plus this margin, then further approval will be sought from the Board.

CORPORATE GOVERNANCE AND COMPLIANCE

Consultation will be undertaken with Registered Participants, NEMMCO and interested parties, as required under the NER for these works. A consultation report will be published in early 2009.

Board approval is required for this project as it exceeds the \$10M delegated authority of the Chief Executive Officer for capital works approval.

Shareholding ministerial notification is required as this project requires a regulated investment in excess of the \$20M threshold as specified in the *Investment Guidelines for Government Owned Corporations*. This notification will be completed once Board approval is obtained.

BOARD MEMORANDUM

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MANAGEMENT RESPONSIBILITY

The General Manager Network Performance is responsible for the management of network development planning and approval.

RECOMMENDATION

➔ It is recommended that the Board approve the Loganlea to Jimboomba second 110 kV feeder project at a total estimated cost to ENERGEX of \$36.17M at 2008/09 prices, subject to no feasible non-network solution(s) being identified during the consultation process under the National Electricity Rules which subsequently changes the scope and/or timing of the proposed project works. The equivalent amount in escalated terms over the expected life of the project is \$39.52M.

Chris Arnold
General Manager Network Performance

Terry Effenev
Chief Executive Officer

RECOMMENDATION APPROVED
BOARD MEETING 27/01/2009

MICHAEL WAYNE RUSSELL

Note: Even though the Energex Board approved the second Loganlea to Jimboomba feeder project for a total estimated cost of \$36.17M (to \$39.52M) in January 2009, Energex issued the Draft Project Approval Report in March 2009 (for **Non-Network offers**) and the Final Project Approval Report on 27 April 2009 for **Regulatory Approval**, claiming the total estimated cost of this project was \$25,673,028.

7.0 FINAL RECOMMENDATION

It is recommended that:

- ➔
1. ENERGEX establish a 110 kV feeder from Loganlea to Jimboomba, for a total estimated cost of \$25,673,028, at 2008/09 prices. The network requirement date for completion of the recommended development is October 2010. The date of practical completion is September 2011. A risk mitigation strategy, for managing the forecast limitations during the period of risk, is outlined in Section 4.3 of this report.

8.0 CONSULTATION RESULTS

➔ In accordance with requirements of the Rules, ENERGEX invited submissions from Registered Participants and interested parties on the associated Consultation Report.. No submissions were received within the consultation period. Accordingly, the draft recommendation has been finalised without amendment.

BOARD MEMORANDUM



Attachment 1

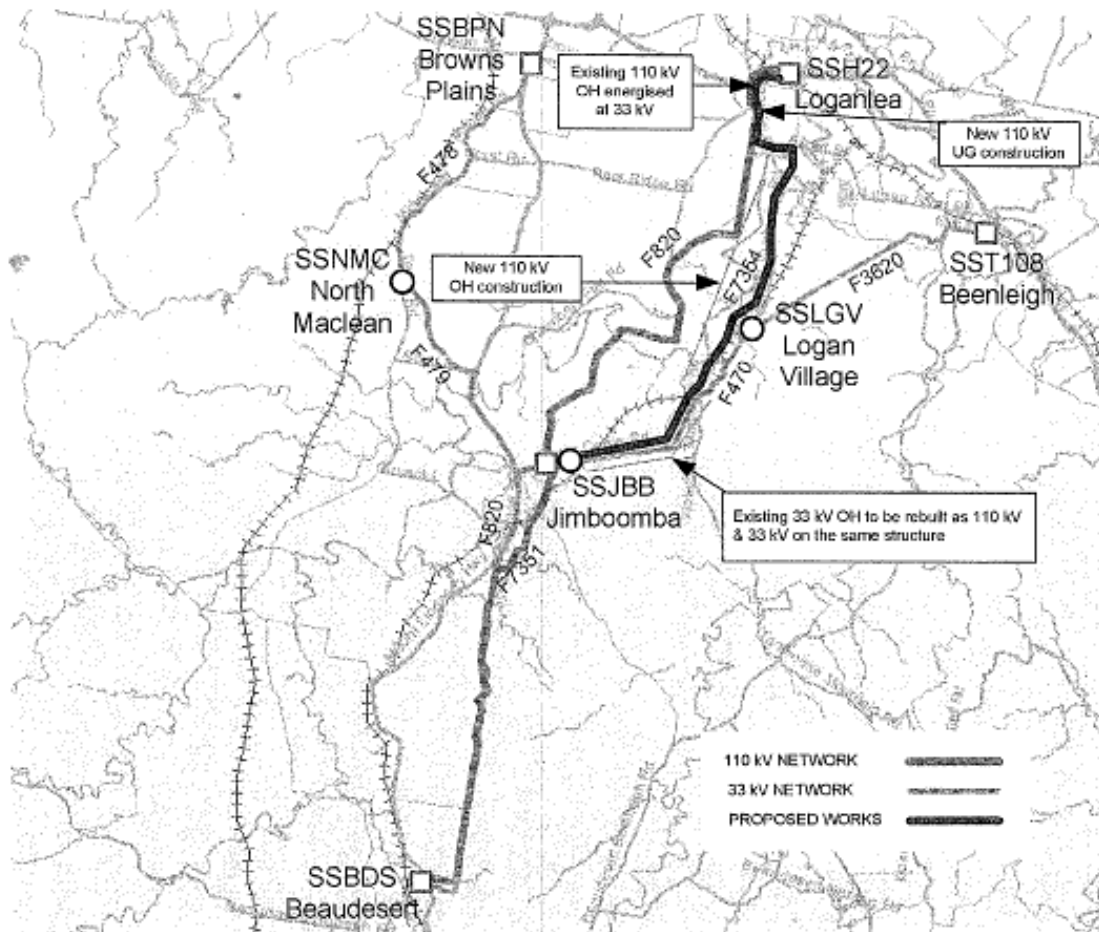


Figure 1: Existing and proposed network arrangement (Geographic View)

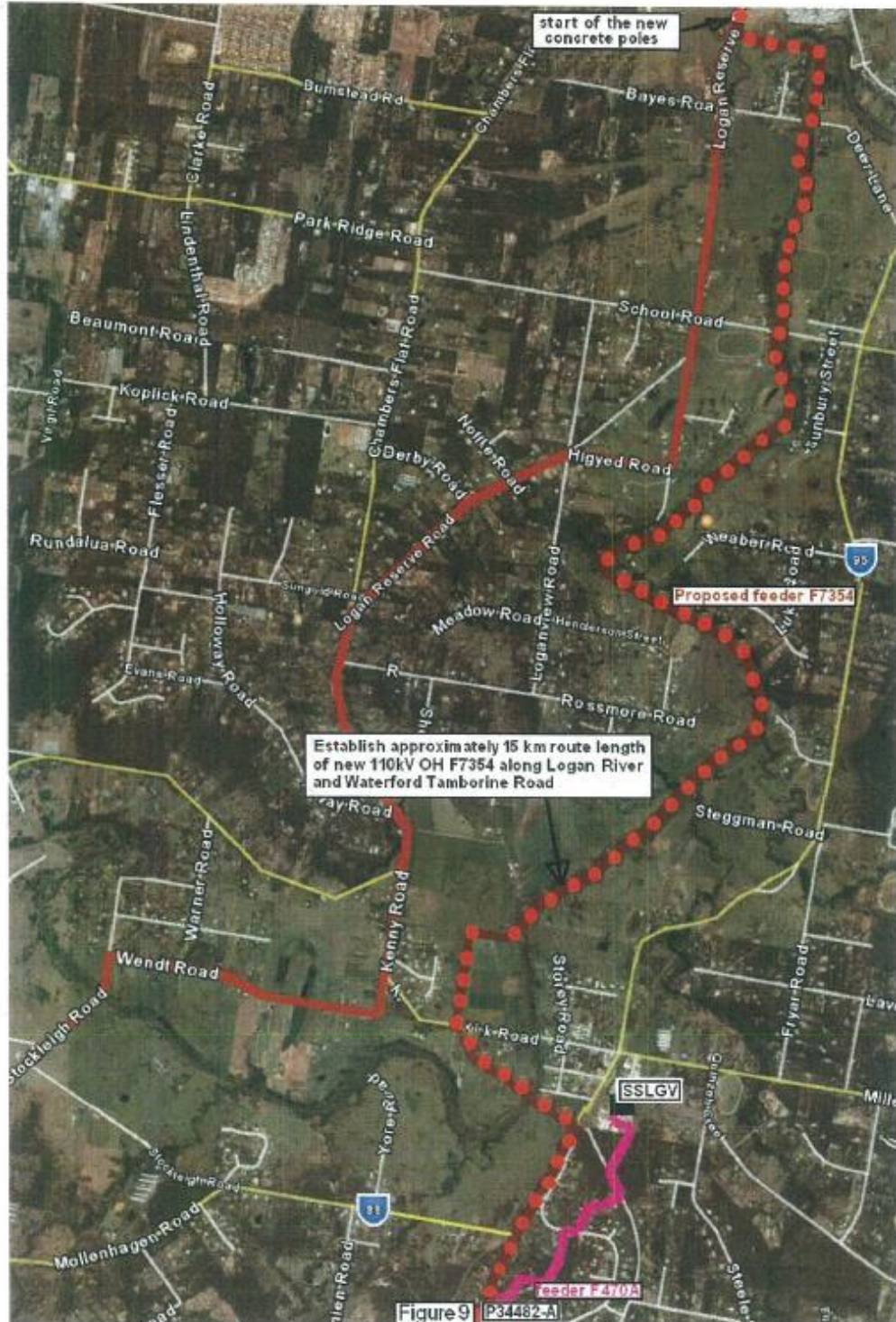
Note: Proposed second powerline F7354 is shown following Waterford-Tamborine Rd with **only one Logan River crossing**. Plus there was no mention in this Board Memorandum that the proposed second feeder would follow the Logan River with seven river crossings.

Was this Map intended to mislead the Energen Board?

Third section (Between both new 110kV concrete poles at P103166-A and P34482-A)

The third section consists of constructing a number of new 110kV vertical delta concrete poles, with new 110kV overhead 'Taurus' conductor with OPGW earth wire. The new concrete poles will be established along Logan River, Anzac Avenue and Waterford Tamborine Road.

Prior to the new concrete poles' constructions, the existing distribution network in the vicinity has to be re-configured. Refer to the "DISTRIBUTION MAINS DESIGN" section for further details on the reconfiguration of the distribution network. Figure 9 shows the proposed third section of feeder F7354.



Form CD 007 - 30 May 2007

U:\Design Specifications\Feasibility Studies\SSH22-SS\JBB_WR595834 Install New 110kV Feeder Summary.doc\04-Nov-08

Proposed second powerline F7354 route (4 Nov 2008) used to develop the cost estimate for this project.
Note: Proposed powerline design actually follows the Logan River for approximately 10kms

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Project: ENERGEX Loganlea to Jimboomba Project

Reference: Bus Sec

To:	Copy:	Circulate:	Name	Organisation	Location/Facsimile:
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rob Barber	ENERGEX	Brisbane
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Anita Sietas	ENERGEX	Brisbane
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
From: Stuart Murray				Date: 25 February 2011	Total pages: 2

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Subject: Aurecon response to Cardno Final Report

Rob

As discussed on the 15th of February, please find our comments on the Cardno Final Report "Review of Provided Documents on the Proposed 110KV Line from Loganlea to Jimboomba"

1. Corridor Selection Report Scope of Services

Provided below is an extract from Aurecon's proposal to assist ENERGEX with the Community Infrastructure Designation Planning Process (letter addressed to Mr Dennis Cucchiaro 28 April 2008).

Aurecon's scope of work in relation to preparation of the CSR included the following:

"Stage 1 - Corridor Selection Report

The scope of works for this stage involves the preparation of a concise, yet thorough, report detailing the process of assessment for determination of a preferred alignment for the proposed Loganlea to Jimboomba 110 kV above ground sub transmission line. Stage 1 tasks include:

- Collation of background information and desktop review of any existing reports, data or mapping to identify potential corridors for assessment.
- Brief (one day) field investigation to verify information gathered during the desktop review, identify any additional site opportunities and constraints, identify any additional corridors and alternate alignments for assessment.
- Evaluate the corridor options and determine the preferred corridor alignment based on a qualitative and quantitative assessment of relevant criteria (eg visual impact, vegetation clearing, proximity to dwellings, sustainability, etc).
- Prepare a Community Consultation Strategy and Plan as an Appendix to the Corridor Selection Report.
- Provide a summary of key issues that will require investigation in the CID process.
- Identify Traditional Owners to be consulted during Stage 3 and confirm fee estimates for the Aboriginal cultural heritage investigation and preparation of Cultural Heritage Management Plan (CHMP).
- Revise and confirm Stages 2 and 3 scope and fee estimate in consultation with ENERGEX.

Note: Scope of Works for Aurecon in April 2008 was "preparation of a concise, report detailing the process of assessment for determination of a preferred alignment for the proposed Loganlea to Jimboomba 110kV above ground sub transmission line." So inclusion of a fully Underground route as Option 4 was a 'token gesture' to claim an underground option was \$36M more expensive, when based on recently disclosed rates this 18km totally underground powerline could have been built for \$36M to \$40M.

What has changed that we now need to use \$8m ?

An example of Energex abusing their 'trusted expert' position to manipulate pricing and forecasts to justify their preferred outcome.

The following October 2010 Energex email obtained under Right to Information, shows Ron Barbagallo (Energex Network Planner) questioning why the land cost for the Yarrabilba substation is now \$8 million, when originally \$6 million (was) "**sufficient to make it a losing option**"(sic).

This shows Energex using cost estimates and 'ambitious' forecasts to ensure their "**preferred option**" (the second Loganlea to Jimboomba 110kV powerline) is a more attractive option than a substation at Yarrabilba.

-----Original Message-----

From: BARBAGALLO Ronald (ENERGEX)
Sent: Thursday, 21 October 2010 4:04 PM
To: HENG Benson (ENERGEX)
Subject: FW: NPV Discussion with LCC

Benson, FYI. Maybe Patrick can make a start.

-----Original Message-----

From: BARBAGALLO Ronald (ENERGEX)
Sent: Tuesday, 19 October 2010 4:37 PM
To: TAYLOR Gary (ENERGEX)
Cc: ARNOLD Chris (ENERGEX); BARBAGALLO Ronald (ENERGEX); HOELSCHER Martin (ENERGEX)
Subject: FW: NPV Discussion with LCC

See below. We are going to visit the LCC with the NPV's when I get back from A/L as I am off fishing next week.

I had a discussion with Chris this morning. A couple of comments.

1)With the organisation, government and councils committed to NDM, energy conservation etc 3.2kva is the upper limit of ADMD. There is some suggestion we should lower this.

2)I discussed with Chris whether we should use ULDA or LCC forecasts. Martin spoke to the ULDA. The ULDA forecasts are very ambitious. We should use these in lieu of the LCC forecasts.

3)We decided that we will give the LCC three NPV's 1)for our preferred option 2)the LCC Yarrabilba option with 110kV underground feeders 3)the JBB 275/110 option 4)As we need to give the LCC a set of NPV that are close to the one in the PAR, can you strip out the costs that are common to the three options to see if that provides costs that closer to the PAR.

5)Originally \$6m land cost for Yarrabilba were sufficient to make it a losing option. What has changed that we now need to use \$8m.

It would be good to have a look the NPV results before I go on A/L, so I can fish in peace.

Ron

Source: RTI 260185-1715177 Schedule - Appendix M - Folio 533 to 561.pdf

In November 2011 the Oakley-Greenwood Review then used a Lend Lease quote obtained by Energex [Oakley-Greenwood Report (OGR) Appendix 6.3.2] that valued serviced land in the range of \$200-\$250per sqm. Based on this quote the OGR (pages 31-34) **used \$29.25 million** for the serviced land cost for a 13 ha substation site. But even Oakley-Greenwood must have considered this cost excessive and also used the \$8 million Energex estimate for the Yarrabilba Land Cost in the NPV Options 2a & 3a (OGR p37).

Oakley-Greenwood dismissed Logan City Council's advice that the cost of land in the area was more like \$500,000 per 2.2ha (OGR p31) or **\$3 million for the substation site** and overlooked the ULDA advice (OGR Appendix 3.6.1 last page) that the indicative price for the sale of this land to Powerlink would **PROBABLY** (be) **AROUND \$200,000 PER HECTARE**. Which for a 13 ha site would be **\$2.6 million, a third to 10 times less** than the site costs used by the Oakley-Greenwood Report to justify the Energex second powerline.

The significantly lower actual cost for land in the area (compared with Energex estimates) was further confirmed in late 2013 when a **17.75 ha site at Stockleigh**, adjacent to the Powerlink Greenbank to Molendinar 275kV powerline and 4.5 kms from the Jimboomba substation (via the disused Logan Village to Jimboomba rail easement) was offered for sale at **\$1.5 million!**

Appendix G Page 7

“why don’t we just drop a 275/110kV substation here and line works into Jimboomba will be minimal.” (Terry Effenev Energex CEO 13 Aug’09)



From: ARNOLD Chris (ENERGEX)
Sent: Thursday, 13 August 2009 10:56 AM
To: BARBAGALLO Ronald (ENERGEX); TAYLOR Gary (ENERGEX)
Cc: PRINGLE Debbie (ENERGEX)
Subject: LOGANLEA TO JIMBOOMBA

Ron / Gary - As discussed with Ron, Terry Effenev has asked the question about another option for Loganlea to Jimboomba. Terry's option comes from a drive we did down there and just north of Jimboomba the 275kV lines go through - Terry's thought was why don't we just drop a 275/110 kV substation here and the line works into Jimboomba will be minimal.

From a brief discussion with Bevan just now, I gather that the answer goes along the lines of:

1. The strategic plan from joint planning with PLQ involves future injection points at Greenbank and Cedar Ck.
2. The additional point near Jimboomba would be over and above these two existing substations since they are required for load injection in those areas.
3. The cost of an additional BSP near Jimboomba would far out-weigh (in NPV terms) the cost of other options.
4. This option was considered but eliminated.

In Aug'09 Energex's CEO visited & thought a Local Substation was a good idea!
 plus Energex were planning for an injection point (substation) at **Greenbank!**

Can you please advise / confirm if this logic is correct.

Debbie - please bring up Monday next week.

thanks

Chris Arnold
General Manager Network Performance
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 Ph: 07 3407 4497 | Fax: 07 3407 4275
 Mobile: 0419 764 522
 email: chrisarnold@energex.com.au
 ✓thinkSAFE ✓workSAFE ✓homeSAFE

sources: RTI 260185-1715177 July 2011 Energex internal email

Note: In August 2009 Energex CEO Terry Effenev visited Camp Cable Road, saw the substantial Powerlink 275kV powerline infrastructure in the area and suggested a **local substation Alternative** to the second Loganlea to Jimboomba 110kV powerline, but he was quickly brought back into line by Chris Arnold and Ron Barbagallo.

Energex Internal emails re LCC suggested Off-Logan River Alternative

From: WATSON Ron (Energex)
Sent: Thursday, 24 July 2014 4:48 PM
To: BARBAGALLO Ronald (Energex); SWANSTON Mike (Energex); PRICE Peter (Energex)
Subject: RE: LCC suggestion of L2J route along Loganview Road
Categories: Green Category

Agreed

Ron Watson
Group Manager
Corporate Communications
Energex Limited
3664 4012 (W)
0408 748 534 (M)

From: BARBAGALLO Ronald (Energex)
Sent: Thursday, 24 July 2014 4:46 PM
To: WATSON Ron (Energex); SWANSTON Mike (Energex); PRICE Peter (Energex)
Subject: RE: LCC suggestion of L2J route along Loganview Road

The LCC still need to find \$5M

Ron Barbagallo
Group Manager Network Capital Strategy & Planning
ENERGEX Limited
Ph: (07) 3664 4350
Fax: (07) 3664 9844
Mobile: 0419 353 726
Email: ronaldbarbagallo@energex.com.au
Web: www.energex.com.au

From: WATSON Ron (Energex)
Sent: Thursday, 24 July 2014 4:43 PM
To: BARBAGALLO Ronald (Energex); SWANSTON Mike (Energex); PRICE Peter (Energex)
Subject: RE: LCC suggestion of L2J route along Loganview Road

I'm sure it can be built at a competitive cost to preferred option, and I'm confident that environmental issues can be offset. I'm also confident it would get a political tick.

My concerns however are

- will we need to do a RIT-D
- how long for that to be completed
- how long to build (if it passes RIT-D)
- can we take the network reliability risk of this delay
- if we do decide to explore this option further, why did it previously slip off the possibles/probable list?

Ron

Ron Watson
Group Manager

1

Energex Internal emails re LCC suggested Off-Logan River Alternative contd.

Corporate Communications
Energex Limited
3664 4012 (W)
0408 748 534 (M)

From: BARBAGALLO Ronald (Energex)
Sent: Thursday, 24 July 2014 12:44 PM
To: SWANSTON Mike (Energex); PRICE Peter (Energex); WATSON Ron (Energex)
Subject: RE: LCC suggestion of L2J route along Loganview Road

Still needs to meet the Community Powerline Enhancement Program financial requirements of \$5m

From: SWANSTON Mike (Energex)
Sent: Thursday, 24 July 2014 12:34 PM
To: EFFENEY Terry (Energex); PRICE Peter (Energex); BARBAGALLO Ronald (Energex); WATSON Ron (Energex)
Cc: ROSE Sue (Energex)
Subject: LCC suggestion of L2J route along Loganview Road

Terry, Peter & Ron **2,

Ron Watson and I drove over this route about a year ago.

This route has some resemblance to previous routes considered, however it has one significant difference. In all our earlier route considerations, we avoided the bushland area (area 1 on the attached map), which we believed would draw significant environmental concerns and complexities, as well as concerns from a number of new landholders. Issues to note are:

1. Area 1 – This is a fairly large area of natural bushland through which the new easement would traverse. I do not have the immediate environmental impact information to hand, however there is a high risk of there may be significant remnant vegetation and environmental issues (state & federal). Mind you, with council's support, perhaps this could be managed (seek environment group's renewed advice)
2. Areas 2a - There are a number of large rural-residential homes along the proposed new route, so underground would be almost a necessity as blowout easements through there will be tricky. Also, there are some big rural-res homes in that area, so community objection towards a cleared easement through their 'rural bushland' could be significant, regardless of legislative approvals.
3. The last part (area 3) is across dairy farm. We have been very reluctant to date to put underground through private property, especially rural. Then again, there may be some options to waive that requirement, or go overhead on that section, or re-join the original line route. I believe there is already a large water pipeline easement through Mr Wendts property which may be an advantage or a problem.
4. The first few Kms are very rocky – trenching may not be easy or cheap !

Overall, in my opinion worth a further look, especially if council actively support access through the roads & forest area, and if [REDACTED] can be satisfied with our proposal. I suggest that any advice Mark Paton's team can provide regarding the likelihood of an easement through that bushland (area 1) will have a major bearing on the feasibility of this route.

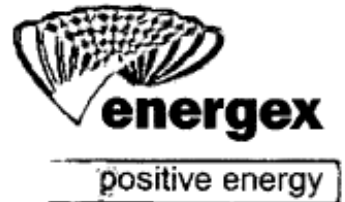
Mike

Mike Swanston
Group Manager – Customer Advocate – Customer Services
P 07 3664 4222 | M 0417 784 740 | [E mikeswanston@energex.com.au](mailto:mikeswanston@energex.com.au)

1 August 2014

Mayor Pam Parker
City of Logan
PO Box 3226
LOGAN CITY DC QLD 4114

Dear Mayor ^{Pam} Parker



Office of the
Chief Executive Officer

Energex Proposed Power Line from Loganlea to Jimboomba

Thank you for your letter of 15 July 2014 regarding the proposed Energex power line from Loganlea to Jimboomba. I also acknowledge the receipt of the recent letter from your Chief Executive, Chris Rose, of 23 July 2014 where the option of a new line route along Loganview Road is proposed. I acknowledge Council's new advice on this.

It has always been Energex's objective to reach a reasonable and fair outcome for this project that both respects the amenity of the community of Logan and observes the requirement of providing a cost-effective outcome for all electricity customers of South East Queensland.

This latest offer of assistance from Council falls short of the 'half share' of the additional costs of the deviation as required by our Community Power line Enhancement Programme (CPEP).

Our position remains that any further funding above and beyond the "least cost viable option" should not be carried by all electricity customers in South East Queensland but by the direct beneficiaries and those requiring the additional expense. Both the Logan Village and Loganview Road deviation proposals considered in recent correspondence carry a budgeted additional cost in the order of approximately \$10 million in direct costs, subject to detailed design.

Hence Energex maintains its position that a contribution from Council of \$5M of the additional cost to divert the line from the current route is required in accordance with the CPEP.

In the four months since the letters from Council dated 28 March and 7 April 2014 rejected outright any significant contribution by Council to the additional cost of a line deviation, Energex has proceeded with the project. The line design is now complete, negotiations with almost all landholders are well progressed, and the placement of orders for the major line components is imminent.

Energex is certainly willing to continue to hold discussions with the Logan City Council to consider the feasibility of changing the existing detailed line



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design to remove the requirement for overhead river crossings. However this can only occur within the framework of the CPEP as outlined above.

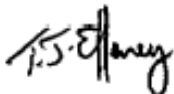
To assist in your consideration of the true visual impact of the power line on the environs of the Logan River, Energex has engaged Truescape Pty Ltd; independent experts in providing realistic and accurate photomontages of planned public infrastructure. Based on actual geometry from the line design and planned vegetation management, images of the expected visual impact of the line once constructed have been prepared. Some of this information, offered to Council in a meeting with your CEO on 14 April this year, is included in this letter for your information. A full set of digital images will be couriered to Council for the CEO's attention.

Finally, it is noted that the Council has a current RTI application lodged with Energex. This RTI application is being considered within the context of the ongoing negotiations with the council regarding project costs and line routes.

It is imperative that this matter be addressed before mid-August to avoid project delays and further additional costs. Energex commits to the consideration of underground alternatives to the river section of the line, subject to a firm funding commitment from the council in line with the CPEP, by 15 August 2014.

I trust this information is of assistance, and I look forward to your reply. For clarification of any of the information in this letter, please contact the Executive General Manager Asset Management, Peter Price, on 0419 359 742.

Yours sincerely

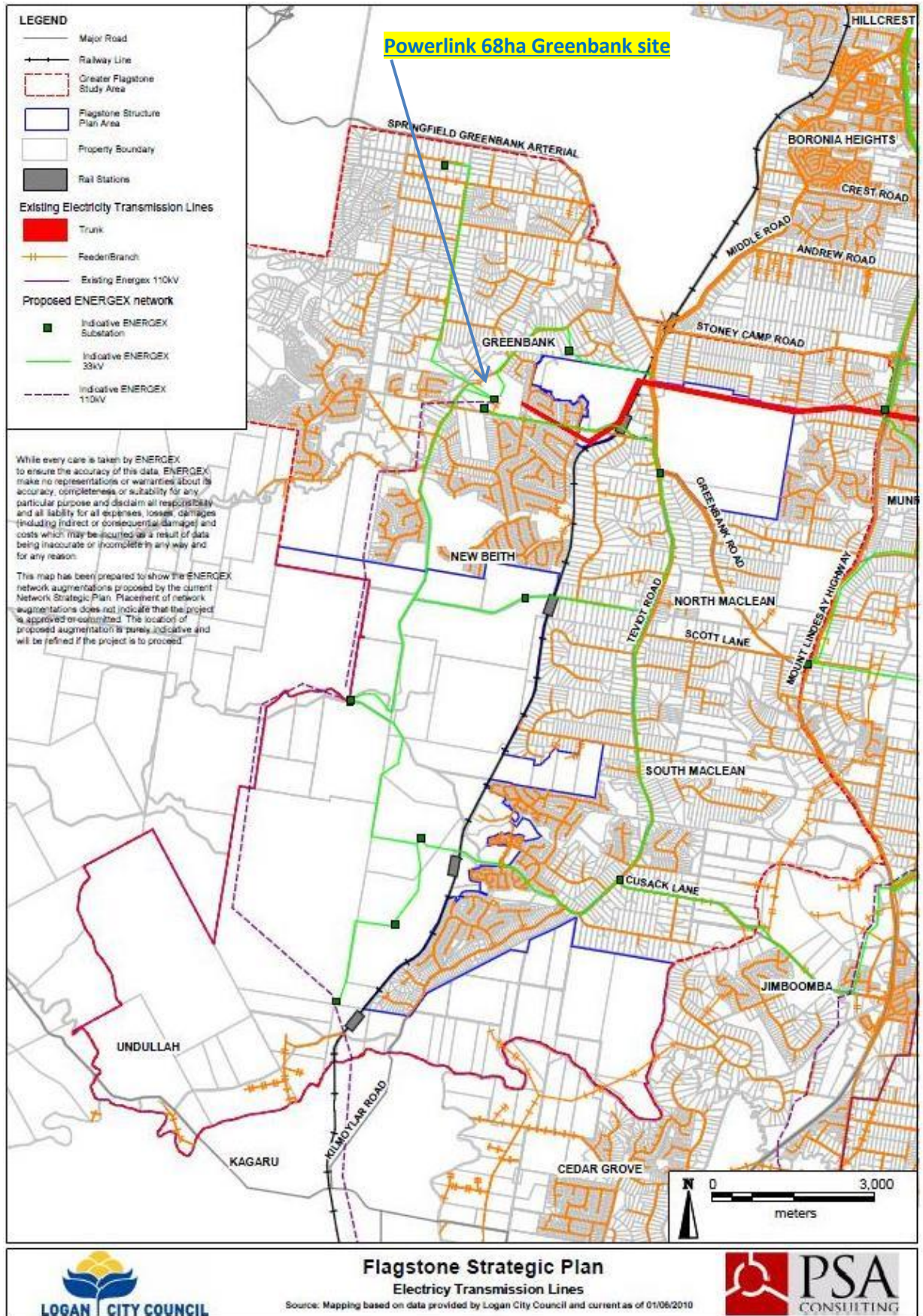


Terry Effenev
Chief Executive Officer

Encls.

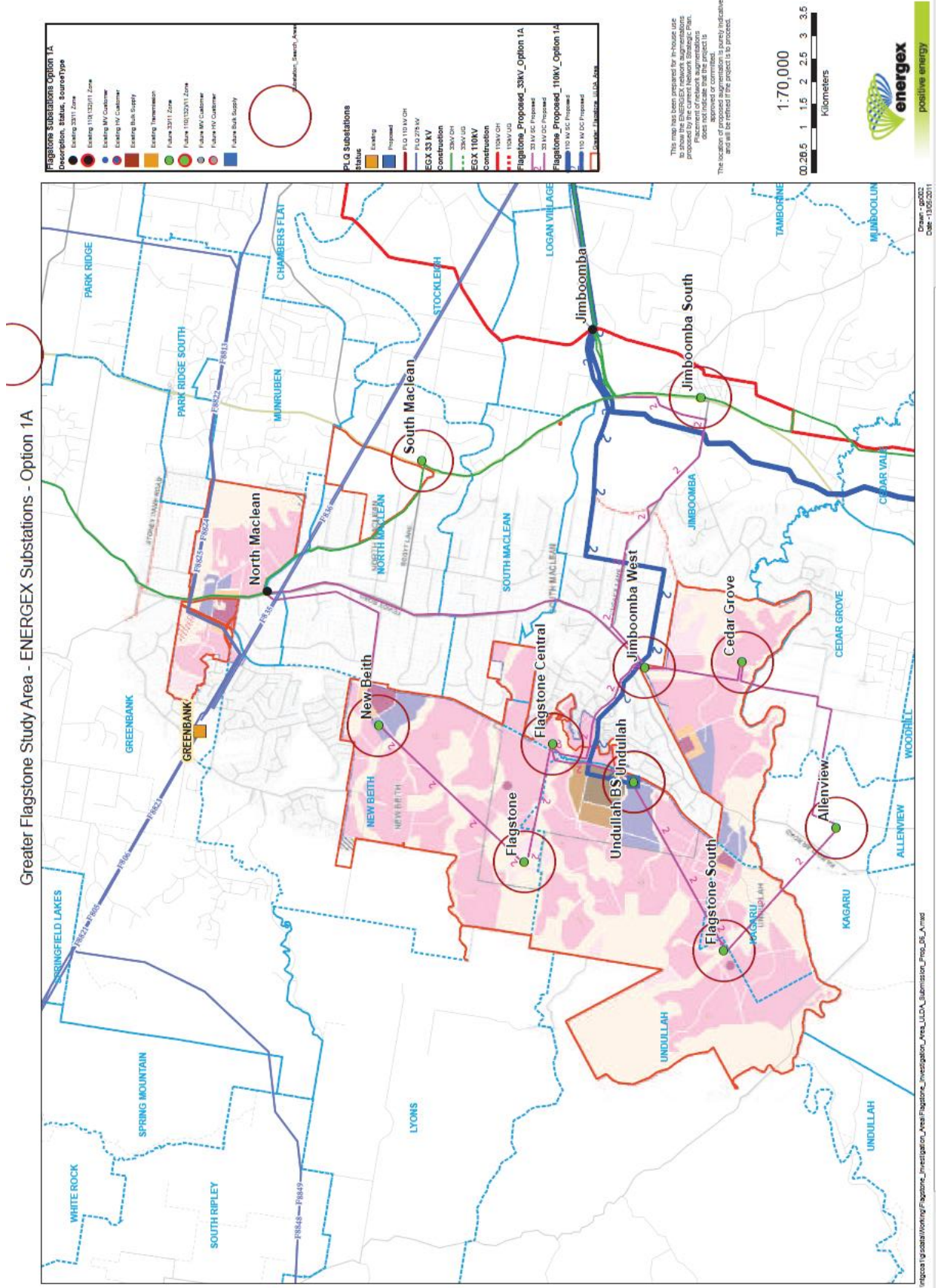
- cc. The Honourable Mark McArdle MP – Minister for Energy & Water Supply
Mr Michael Pucci MP – State Member for Logan
Mr Mike Latter MP – State Member for Waterford
Mr Jon Krause MP – State Member for Beaudesert
Mr Mark Boothman MP – State Member for Albert

Appendix H – Flagstone Strategic Network Plan Change



Note: Proposed Flagstone network “Strategic Plan”(June 2010) showing Indicative 110kV feeder to Flagstone and onto Beaudesert (via the rail easement) from the Powerlink 68ha site at Greenbank.

Appendix H – Flagstone Strategic Network Plan Change contd.



Note: Revised Flagstone network (dated June 2011) included in OGR Appendix 11.2 showing Flagstone supplied by two 110kV feeders from the Energenx substation at Jimboomba and a second 110kV feeder from Jimboomba to Beaudesert west of Mt Lindsay Highway – changed within 12 months to reinforce the need for the second Loganlea to Jimboomba 110kV feeder. With no services to be supplied from the Powerlink 68ha site at Greenbank, despite the Flagstone Development being only 4kms south of Greenbank.

Appendix I – AER Report on Loganlea to Jimboomba Regulatory Test

[Extract from AER Quarterly Compliance Report April – June 2011 Issued July 2011](#)

¶ 3.1.4 Loganlea to Jimboomba regulatory test by Energex ¶

¶
In December 2010, the AER received a complaint about the Energex regulatory test conducted for the proposed development of a 110kv feeder from Loganlea to Jimboomba. ¶

In accordance with clause 5.6.2 of the Electricity Rules, where a DNSP identifies a network limitation in a distribution network, it must undertake joint planning to identify all likely network and non-network alternative options to overcome this limitation. It must also conduct an economic cost effectiveness analysis under the regulatory test to identify the preferred development option. Where the recommended network augmentation option is not a new small network distribution network asset, the DNSP must consult with registered participants, AEMO and interested parties in accordance with clauses 5.6.2(f)–(h) of the Electricity Rules. ¶

Following the complaint, the AER undertook a review of the Energex regulatory test and its compliance with clause 5.6.2 of the Electricity Rules. ¶

This review identified several compliance issues. The Energex regulatory test consultation report did not adequately disclose the possible options to address the identified limitation or the economic cost effectiveness analysis undertaken by Energex in accordance with clauses 5.6.2(f)–(g) of the Electricity Rules. Specifically the consultation report: ¶

- did not adequately contain details of the two alternative options proposed by Energex. Options 2 and 3 were only minimally described¹⁷ and, unlike option 1, no description of project works was given.¹⁸ This lack of context would make it difficult for stakeholders to assess the comparison of network options undertaken by Energex.¹⁹ The AER considers a more thorough description of the alternative options, including the project timing of each option, should have been included in the report. ¶
- the net present value (NPV) analysis undertaken was disclosed only at a high level. The AER considers the report should have included a spreadsheet copy of the NPV analysis of all alternative options considered by Energex. ¶
- the reasonable scenario and sensitivity analysis undertaken by Energex was disclosed only at a high level. The AER considers that the underlying values and assumptions for the base case and the values used for the sensitivity analysis should have been disclosed in the report. ¶

¶
The AER notes the information disclosure requirements in clause 5.6.2 of the Electricity Rules promote one of the primary purposes of the regulatory test, which is the increased transparency with which network decisions are made. Energex has committed to implementing initiatives to improve the quality of information disclosure in its regulatory test processes under clause 5.6.2. The AER will be monitoring future regulatory test processes undertaken by Energex to ensure that these initiatives have been implemented and that Energex is demonstrating clear compliance with the Electricity Rules. ¶

¹⁷ Energex, *Proposed construction of a 110kV feeder from Loganlea (H22) to Jimboomba substation (JBB) – consultation report* 6 March 2009 (consultation report), p. 6. ¶

¹⁸ *Ibid.* p.10. ¶

¹⁹ For example, the comparison of network options on page 7 of the consultation report. ¶

¶
Source: <http://www.aer.gov.au/content/item.phtml?itemId=747943&nodeId=71c210d0fb294475663153343d86ea67&fn=Quarterly%20compliance%20report%20April%E2%80%94June%202011.pdf> ¶

Appendix J - Transcript of Queensland Estimates Hearing (extract)

17 Jul 2014

Estimates—Energy and Water Supply

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CHAIR: Minister, can I clarify something. Was the statement you made prior to that announcement re the carbon tax your answer to the question on notice that you had taken?

Mr McARDLE: Yes, it was.

CHAIR: So that question on notice is now no longer—

Mr McARDLE: It has now been dealt with in that answer by me.

CHAIR: Thank you very much for that. I welcome all of the committee members back and I welcome the member for Logan who is joining us. I call the member for Logan.

Mr PUCCI: I want to thank the committee for granting me leave to be here to represent the people of Logan today to ask these questions that are of relevance to the good people I represent. My question is for the CEO of Energex. I refer to page 3 of the SDS and the department delivering on the government's commitment to ensure 'network service providers were implementing efficiency improvement actions'. As you know, for many months my surrounding colleagues of Logan and I have been working with the Logan City Council to facilitate an alternate solution to an Energex proposed power line from Loganlea to Jimboomba for a network upgrade. As a result, on 15 July 2014 Mayor Pam Parker sent you a proposal. Can you update us on the project status and advise us if Energex is seriously considering the mayor's proposal?

Mr Effenev: I thank the honourable member for the question and for your interest and support on this particular project. It is an important project for the community of Logan and Jimboomba. The project is commencing and we have commenced construction on the northern part at the Loganlea end of that, with the underground section down the road there that you would be aware of, and design is currently progressing on other sections of that line. As you will be aware, there have been ongoing discussions between Energex and the Logan City Council about potentially an alternate route to that which follows and crosses the Logan River. Energex initiated those discussions earlier this year, and I wrote to the Logan City Council on 20 March about that particular proposal. They subsequently wrote back to me with at least two correspondences indicating they really were not that interested in the alternate.

However, as you have just indicated, I did receive a letter from Mayor Pam Parker only yesterday indicating that potentially the door was open for further discussions about that particular matter. I see that as a positive step in relation to those discussions but it is still early days. The letter from the council is not particularly prescriptive of exactly what the council is offering, so we will now fully evaluate that within Energex, have further discussions with the Logan City Council and see whether in fact we can progress that.

Mr PUCCI: I have a follow-up question for the CEO. I again refer to page 3 of the SDS in relation to the same question. Can the CEO let us know what legal requirements Energex would have for providing low-cost options versus the community will and local council needs?

Mr Effenev: Our obligations stem back to the national electricity law which is administered by the Australian Energy Regulator, so our investments must comply with the national law and the associated rules. Within that, there is a thing called a RIT-D, which is a regulatory investment test for distribution projects which we have to comply with. So our obligation under the law and the associated rules is that we must be able to demonstrate that we are providing the least cost solution to a particular constraint within the network. However, we obviously need to take into consideration all of those factors and inputs from the various stakeholders—which we believe we have done in relation to the proposal to supply the Loganlea to Jimboomba area.

Mr PUCCI: I have one last question. The Logan City Council has concerns regarding additional costs for ratepayers for any alternate route. If Energex were to pick up this entire cost of going down an additional route and picking up any additional cost, how is that cost recouped and who pays for that cost?

Mr Effenev: I think we have made it very clear that Energex is not in a position to fund the full amount of the alternate route, which is in the order of \$10 million, and obviously we have asked the Logan City Council to make a significant contribution to that. That funding arrangement is under a program called our CPEP, which is a Community Powerline Enhancement Program, so we do have some funds and it is associated with putting funds in for areas which have got either cultural or significant environmental considerations. So we have approached the Logan City Council on the basis of whether they consider that the Logan River might fit under that. In initial arrangements, they have rejected that. In any case, if we were to fund that—which is the nature of your question—those fundings would then be spread across the whole of the community who pays the electricity bills,

Appendix J contd.- Transcript of Queensland Estimates Hearing (extract)

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Estimates—Energy and Water Supply

17 Jul 2014

though the benefits would obviously accrue to the residents in the Logan City. So our view is that, in relation to this undergrounding section, there should be appropriate funding from the Logan council and the cost should not be spread across all electricity consumers.

Mr McARDLE: Mr Chair, could I add a comment?

CHAIR: Thank you, Minister.

Mr McARDLE: It is important historically to understand this particular project. The estimated cost back in January 2009 was \$37 million. The former government took no action on this and when we came to government in April I became aware of this matter. I made the designation on 28 November 2012, but in the ensuing period the cost had grown from \$37 million to \$63 million. This is a prime example of gold plating, a prime example of the former government not taking the bull by the horns and a prime example of this government actually taking definitive steps to move forward a project that is so important to the region both domestically and commercially. It is sad to say that there were two ministers in the Labor government who did not take the strong steps and undertake a strong plan for the future. It is regrettable that that is in fact the case, and it is regrettable that because of that inaction the costs have blown out significantly.

CHAIR: I call the member for Burleigh.

This transcript provides a further example of Mr Effeney (Energex CEO) claiming that the Off-Logan River Alternative will cost \$10 million more.

How Energex can expect Logan City Council to contribute \$5 million (50%) from Logan ratepayers to overcome the flaw in the Energex design for a powerline that hasn't been built, is astounding.

Especially with Energex refusing to provide costing details to support their \$10 million extra claim, when internally they expect an underground Alternative along local roads "to be competitive" (refer Appendix G page 9). This appears to be extortion, when it is obvious that relocating the powerline off the Logan River avoids:-

- a) "Complex Construction" (Energex description) along the Logan River, with extra costs to supposedly flood proof 29 concrete poles;
- b) the need to clear a 40 metre wide easement and pay Vegetation Offset costs;
- c) Paying Easement compensation costs to landowners;
- d) Building and maintaining at least 7kms of heavy equipment access tracks from bitumen roads to the Logan River; while
- e) Providing a more reliable outcome for our community, by avoiding the Logan River flood hazard zone.

Also included in this transcript is a statement from Mr McArdle (the previous Queensland Energy Minister) responsible for approving this duplicate high voltage powerline, that :-

"This is a prime example of gold plating," !!

source:

http://www.parliament.qld.gov.au/documents/Hansard/2014/2014_07_17_EstimatesSDC.pdf#xml=http://www.parliament.qld.gov.au/internetsearch/isysquery/c2cb3fc6-9db5-4610-8e6e-0ee5cf3dd3e8/1/hilite/