**Mr Sebastian Roberts,**

**General Manager - Network Regulation,**

**Australian Energy Regulator.**

Dear Sir,

Responding to the invitation for submissions on the **AER preliminary decision on Energex’s regulatory proposal 2015/16-2019/20**, our Community Group VETO, offers the following response.

Our Community has opposed Energex’s proposal to construct the second Loganlea to Jimboomba 110kV powerline along the Logan River since it was announced by Energex in December 2008 at an estimated of cost $25.67M1.

We participated in the Community Consultation run by Energex, but found it was a sham process where Energex pushed their pre-determined powerline route, trivialised Community issues and ignored lower impact alternatives.

We provided a summary of our experience with Energex in a submission to the **Senate Inquiry into Electricity Network Companies** in November 2014 and have attached this two part submission for your information.

This submission provides examples of Energex manipulating costs and processes to justify their pre-determined second Loganlea to Jimboomba 110kV powerline along the Logan River, which is now expected to cost at least $64.2M2.

Over the past 12 months Energex has claimed that all Off-River Alternatives will cost approximately $10 million more and Energex required Logan City Council to commit to contribute $5 million under an Energex CPEP program3, which doesn’t apply to new or high voltage powerlines.

More recently Energex has used the threat of legal action over Council’s rejection of the 5 Logan River crossings, to force Logan City Council to agree, to a Compromise proposal comprising an 800m double under river bore, some underground, then the overhead powerline with three river crossings along the Logan River.

However as stated in the letter to Minister Bailey as well as the Jimboomba Times articles (attached) this is not Council’s preferred route for the Logan River section.

In 2014 Logan City Council engaged external consultants to develop a feasible Off-Logan River underground Alternative route which was estimated to cost $19.1 million. Council advise that Energex subsequently estimated this Alternative would cost $17.1 million.

As shown in the letter to Minister Bailey, both these estimates are consistent with the expected overall construction rate for this 23.2km powerline at $64.2 million, which is $2.77 million per kilometre (including Energex on-costs of 40%, as advised by Council).

However Energex claim their “*complex overhead construction*” 4 along the Logan River with a 40 metre cleared easement, 5 river crossings and 7kms of access tracks will only cost $9.1 million5, which can’t be correct as this is half the overall construction rate.

Whereas as shown in Appendix 2 in the letter to Minister Bailey, applying the overall construction rate, Energex’s “*complex overhead construction”* along the Logan River is more likely to cost at least $18 million, while their recent Compromise proposal is more likely to cost at least $19 million.

The point being, that Council’s Off-Logan River underground Alternative could actually cost less than Energex’s “*complex overhead construction”* along the Logan River.

But Energex have again manipulated costs and processes to claim their preferred complex overhead construction along the Logan River, will cost less, when this is unlikely for the construction phase or the ongoing operation of this powerline along a river which regularly floods.

While this costing example (in detail), as well as four other examples are the subject of a confidential Crime and Corruption Commission (Qld) submission, our Senate Submission and this recent cost comparison are relevant to the AER’s consideration of Energex’s regulatory proposal because the proposed second Loganlea to Jimboomba 110kV powerline along the Logan River Energex has not complied with the National Electricity Rules (Ver 69) section 5.17.1 (c) as Energex has been **totally non-transparent** in the assessment of route options and the costings for the Logan River section.

As a consequence, Energex has not complied with the National Electricity Objective6 because this powerline and Energex’s preferred route does not promote efficient investment and the efficient operation and use of electricity services for the long term interest of consumers because purposely locating this powerline in the Logan River flood hazard zone is unlikely to deliver service access, maintainability, reliability or security. As well, even the recent compromise route along the Logan River with three crossings does not address community concerns about the impact on our community and our river and Energex have not transparently established that this is actually a feasible, maintainable or lower cost option.

In considering Energex’s regulatory proposal for the next 5 years, we request that the AER take into account Energex’s poor planning and inadequate consultation on this project and require that Energex provide transparency in the costings and assessment of the options particularly for the Logan River section.

In addition we are aware that as a follow-on project, Energex intend to construct a second 110kV powerline from Jimboomba to Beaudesert7 and through the AER we request that Energex be obliged to transparently demonstrate that this powerline is actually required and that more innovative, lower cost, lower impact, non-network alternatives are not available to support the perceived need in Beaudesert.

VETO representatives are available to clarify any aspects of this submission.

Regards

**Paul Casbolt**

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[**www.VETO.org.au**](http://www.veto.org.au/)

References

1 Energex Planning Approval Report –Proposed Construction of a 11kV feeder from Loganlea to Jimboomba Substation (27th April 2009)

2 Queensland May 2014 Budget Capital Statement 2014-15 page 44 & Energex DAPR Sept 2014 Vol2 page 889

3 Energex Policy 03364 V4 (13July 2011) sectn 4.1 Community Powerline Enhancement Program

4 Logan River section described as “*Complex Overhead Construction*” in Energex Final Initial Assessment Report (June 2010) page 2-2

5 Claimed by Energex, as advised by Logan City Council

6 National Electricity Objective, set out in the [National Electricity Law](http://www.aemo.com.au/About-the-Industry/Legislation/National-Electricity-Law)

7 [Oakley-Greenwood Final Report](http://www.business.qld.gov.au/__data/assets/pdf_file/0020/30674/Oakley-Greenwood-report.pdf) (OGR) Electrical Network Options for the Jimboomba Area (5 Dec’11) Appendix 7.1 & 11.2