

Stop, Rethink Humelink

17th July, 2024

Submission to the Australian Energy Regulator: Opposition to the Construction of HumeLink as an Overhead line – Comments on the Further Feedback Loop Assessment.

Introduction

Stop Rethink Humelink is an alliance of a number of organisations opposed to the construction of HumeLink as an overhead power line. We believe that the Regulatory Industrial Complex (RIC) including AER, AEMO, the governments of both the Commonwealth and the State of NSW have been duped by the proponent for HumeLink, Transgrid into supporting this proposal without fully appreciating the alternative solutions to the problem of linking of power to Snowy 2.0.

We write to express our opposition to the Australian Energy Regulator's (AER) acceptance of the previous HumeLink feedback loop and CPA2 which were in breach of the rules. . We believe that this decision is flawed, based on several grounds, particularly in relation to the requirements outlined in the Cost-Benefit Analysis. Our submission highlights key issues with the project, emphasizing that the construction of HumeLink does not align with the principles and criteria set forth by CPA2, ultimately failing to justify the substantial investment. It does not pass any “reasonable person” test. It does add significant risk to the entire energy system and to the financial health of the State of NSW

Lack of Sufficient Cost-Benefit Analysis

CPA2 should mandate a thorough cost-benefit analysis to ensure that any significant infrastructure project, such as HumeLink, provides a net benefit to the community. The analysis must consider direct costs, indirect costs, and the anticipated benefits comprehensively. The decision to approve HumeLink, however, appears to lack a robust and transparent cost-benefit analysis. Specifically, there are concerns that:

1. **Cost Overestimations:** The projected costs of HumeLink are likely underestimated. Historical data from similar large-scale infrastructure projects indicate a tendency for cost overruns, which will significantly burden taxpayers and consumers. This has already happened with HumeLink and is likely to continue to happen. Although contingencies are included they are unlikely to be any more accurate than previous estimates.
2. **Underestimated Environmental Impact:** The environmental costs, including the impact on ecosystems, wildlife, and natural landscapes, are not adequately accounted for. The destruction of natural habitats and the potential for increased carbon emissions during construction and maintenance are significant concerns.
3. **Overstated Benefits:** The purported benefits, particularly in terms of improved energy reliability and economic gains, are overstated. There is insufficient evidence to

support the claim that HumeLink will deliver the projected economic benefits or substantially enhance energy reliability in a cost-effective manner. In particular the major benefit is effectively to meet a political commitment made by the current government to achieve emissions reductions targets by the end of the decade. This is not consistent with the objectives of the Energy Market to provide users of electricity with competitive low cost power.

Insufficient Stakeholder Consultation

CPA2 requires extensive stakeholder consultation to ensure that all affected parties have an opportunity to voice their concerns and that their inputs are considered in the decision-making process. The approval process for HumeLink appears to have inadequately engaged with key stakeholders, including:

1. **Local Communities:** Many local communities directly impacted by the construction of HumeLink have reported insufficient consultation. Their concerns about property devaluation, health risks, and disruption to local economies have not been adequately addressed.
2. **Environmental Groups:** Environmental organizations have raised significant objections based on the project's potential to harm biodiversity and natural resources. These objections have not been sufficiently considered in the decision-making process.
3. **Indigenous Groups:** There is a lack of evidence indicating meaningful engagement with Indigenous communities whose lands and cultural heritage sites may be affected by the project. This oversight contradicts the principles of CPA2, which emphasizes inclusive and respectful consultation with all stakeholders.

Alternative Solutions Overlooked

The regulatory model for energy is supposed to encourage the exploration of alternative solutions that may offer similar or greater benefits at a lower cost and with reduced negative impacts. The decision to approve HumeLink as an overhead transmission line did not adequately consider viable alternatives such as Undergrounding.

While there have been two NSW Parliamentary Inquiries into undergrounding they have both been partisan affairs. The AER needs to undertake its own independent analysis of the relative costs of undergrounding HumeLink. The estimate of \$11 billion submitted by Transgrid is totally biased and has no basis in reality. Our own independent consultant suggests that the undergrounding could be done for less than \$8 billion. This is attractive when the total safety benefits are considered as well as the initial up front costs. Any whole of life cost analysis is almost certain to show superior economics for an underground solution as opposed to the overhead project.

Safety and Resilience Considerations

The methodologies adopted by the AER in approving the development of HumeLink in its current form are significantly deficient.

They fail to account in any way for the massive risks generated by Overhead power lines. These have been enumerated repeatedly in our previous submissions. The stark reality of this issue is evidenced by the recent decision by the Victorian CFA to refuse to fight bush fires in the vicinity of overhead transmission lines. The AER needs accept that these people are the real experts in this. Untested assurances by Transgrid that they would depower overhead lines in the event of a bushfire are not sufficient to mitigate the risks to residents, firefighters and communities in the vicinity of these lines. The consequences of an unimpeded bushfire associated with an overhead transmission line are so vast that even if the probability is regarded as low the impact is extraordinarily high. The decisions in California to underground most of that States network reflect this analysis. To ignore this precedent is a major risk for AER and the Government.

HumeLink is touted as essential infrastructure. It is being fast tracked even though its clear purpose is to link Snowy 2.0 to the grid. Snowy 2.0 is not slated for delivery until well after the completion of HumeLink. Clearly, the regulators have assessed HumeLink as essential infrastructure. It is logically inconsistent to construct essential infrastructure in a vulnerable form as an overhead asset if it is truly essential. The risks to the resilience of HumeLink are from extreme climatic conditions as evidenced by the collapse of overhead transmission towers in Victoria earlier this year. Transgrid have stated that the new towers will be stronger than older towers but the argument must be put that the climatic conditions are getting worse as a result of climate change. Therefore, the fundamental vulnerability of the overhead option remains a clear and significant issue for the resilience of the grid.

In addition, events in Ukraine show that overhead transmission is an ideal target for State and Non State actors to disrupt society. Drones can destroy overhead networks at virtually no cost. This significantly lowers the overall resilience of our grid.

Reasonable Person Test

All significant projects in both the public and the private sector should be subject to a “reasonable Person Test.” In this case we have a project which was originally costed at approximately \$1billion. It was then revised to \$3.3billion. At this stage published net benefits were suggested as \$39million. In a commercial world this would have been rejected out of hand. Instead, the project was pursued and Transgrid announced a revised cost of \$4.9billion. At the same time net benefits were magnified by Transgrid by an unimaginable amount to render the project capable of generating massive net benefits of in excess of \$4billion.

Any reasonable person would regard this as alchemy if not creative accounting of the worst kind. In the overall design of the regulatory system it is surely the function of the AER to exercise the role of the Reasonable Person.

Conclusion

In light of the concerns outlined above, we urge the Australian Energy Regulator to reconsider the decision to approve final funding for HumeLink. There have been material changes in circumstance for the project which mean it needs to be reassessed in the RIT-T. The project does not sufficiently align with the criteria set forth in CPA2, particularly regarding comprehensive cost-benefit analysis, stakeholder consultation, and consideration of

alternative solutions. We advocate for a more thorough review process that prioritizes sustainable, cost-effective, and community-supported energy solutions.

We particularly urge to AER to commission it's own independent review of the costing of undergrounding versus overhead networks. This would allow Australia to truly be a clean energy leader rather than a failed state.

We appreciate your attention to this matter and look forward to a revised decision that better serves the interests of all stakeholders.

Yours sincerely,

Michael Katz
Stop, Rethink HumeLink