

Mr Sebastian Roberts  
General Manager  
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Attention: Kenny Yap

Dear Mr Roberts

### **TransGrid Submission – PB Associates Report on Directlink Joint Ventures (DJV) Revised Conversion Application**

Thank you for the opportunity to provide comments on the PB Associates report reviewing Directlink Joint Venture (DJV's) application for conversion to regulated status. TransGrid offers the following comments on the PB Associates report.

#### **1. General Overview**

TransGrid has some concerns that in a number of locations throughout the PB Associates Report it could be implied that TransGrid has been consulted and is in full agreement with the Report's conclusions. An example of this concern is highlighted in the last dot point on Page 4 of the Executive Summary:

*"To the knowledge of PB Associates, DJV has not entered into commercial negotiations with TransGrid for the provision of network support services through Directlink at this time. Given that TransGrid has indicated that network augmentations are required from 2007 to maintain supply, in the absence of other initiatives, and in the timeframe for major upgrades (including the proposed 330kV line from Lismore to Dumaresq) would require up to 5 years for approvals, environmental assessment and construction, it is apparent that TransGrid do not anticipate requiring Directlink within that time frame."*

TransGrid had no part in developing the logic or conclusions raised here by PB Associates even though to some readers TransGrid's concurrence with the statement could be implied.

#### **2. TransGrid's Network Planning for NSW Far North Coast System**

Based on current load forecasts, with some planned works on existing transmission lines being completed and the planned installation of some capacitor banks, it is not expected that further support of the transmission network will be required in the NSW Far North Coast system until after winter 2007.

TransGrid has made the assumption that Directlink would be one of the possible alternatives capable of providing network support at that time. TransGrid would expect to be in a position to commence to negotiate network support with alternative sources over the next 12 to 18 months.

TransGrid recognises that Directlink would be available for network support to this region regardless of its status as a "Regulated" or as an "Unregulated" Network Service Provider. Ongoing Joint Planning with Powerlink has confirmed that sufficient capacity from the north is available for Directlink (*potentially*) to effectively give network support to NSW up to at least 2010/12. This work was undertaken to ensure TransGrid properly identified any required network augmentations likely to be needed in the current "Regulatory Period" – 2004 to 2009. Joint Planning with Powerlink has not progressed beyond 2010/12 at this stage. Consequently TransGrid cannot comment on Directlink's capacity to provide Network support services to NSW beyond that time. The assumptions are, to some extent, dependent upon plans for future network developments by Powerlink in Queensland. These assumptions could be considered as reasonable under some development options.

### **3. Other More Specific Comments**

#### ***Network Studies***

TransGrid held discussions with Burns and Roe Worley (BRW) and PB Associates to assist in defining inputs into some network studies. TransGrid has not replicated BRW's studies nor is TransGrid aware of the extent of details of studies and results from PB Associates.

#### ***Upgrading of 966 line***

TransGrid confirms plans to undertake some rehabilitation and upgrading works on the Armidale – Koolkhan 132kV line (No. 966). These works will be similar to those undertaken on 965 in 2003 and will result in the 966 rating being similar to the present 965 rating.

#### ***Biomass Generation and Load Forecasts***

TransGrid is aware of the possible development of biomass generation at Condong and Broadwater. TransGrid expects that Country Energy will consider the impact of this generation and provide additional details as part of the load forecast provided to TransGrid in accordance with clause 5.6.1 of the National Electricity Code. At this stage these generation projects are not considered to be "committed projects".

#### ***Reliability of Directlink***

Prior to the publication of the PB Associates report TransGrid was not aware of any concerns relating to the operational reliability of Directlink. TransGrid notes the comments in the report are based on confidential information provided by the DJV to the ACCC. TransGrid is not able to undertake its own reliability analysis in the absence of publicly available reliability information on Directlink.

#### ***Operation and Maintenance Costs***

PB Associates have used 2% of the capital cost as their estimate of the O&M costs. The report does not provide any supporting information that explains why this is an appropriate estimate of O&M costs for this asset.

Should you wish to discuss any of the matters raised in this submission, please feel free to contact either Mr Philip Gall (TransGrid's Manager/Regulatory Affairs) on (02) 9284 3434 or myself on (02) 9284 3217.

Yours sincerely

[Original signed]

Mal Park  
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