

Maryborough and Hervey Bay – Notice of Withdrawal of Recommendation



26 June 2014



Introduction

Ergon Energy Corporation Limited (Ergon Energy) identified emerging limitations in the electricity distribution network supplying Hervey Bay in 2009¹. In accordance with the requirements of the National Electricity Rules, a Regulatory Test of suitable options was undertaken, which resulted in the publication of a Final Report in November 2009.

The Final Report documented the evaluation of options and declared Ergon Energy's intent to proceed with Option 1 which includes a number of component projects, as outlined in the following section.

¹ Ergon Energy Corporation Limited, Maryborough and Hervey Bay – Request for Information, 6 August 2009.

Option 1 as recommended in the Final Report

In order to meet its security of supply criteria applicable at the time, Ergon Energy recommended the following works in its Final Report for this consultation:

1. Establish Toogoom 66/11 kV substation and its associated 66 kV and 11 kV supply lines for a cost of \$30.7M with commissioning to be scheduled for October 2012.
2. Construct a new 66 kV line between Toogoom and Pt Vernon substations for a cost of \$6.3M with commissioning to be scheduled for October 2013.
3. Establish Scarness 66/11 kV substation and its associated 66 kV and 11 kV supply lines for a cost of \$30.4M with commissioning to be scheduled for October 2013.
4. Establish Nikenbah 132/66 kV substation and develop 132 kV Aramara-Nikenbah lines to supply it at a cost of \$111.8M with commissioning to be scheduled for October 2015.
5. Establish Booral 66/11 kV substation and its associated 66 kV and 11 kV supply lines for a cost of \$30.0M with commissioning to be scheduled for October 2017.
6. Establish Dundowran 66/11 kV substation and its associated 66 kV and 11 kV supply lines for a cost of \$24.0M with commissioning to be scheduled for October 2019.

Of these works, Item 1 is currently scheduled for completion by December 2015. Certain matters outside of Ergon Energy's reasonable control have resulted in a delay to completion of this item, which was originally planned for October 2012. These matters are outlined below:

- Delay to line route acquisition – changes to the line design was required to gain Council approval and also as a result of the public consultation process. It is expected that the line route easement acquisition will be finalised in the current regulatory period.
- Delay to Council Development Approval for substation.

As the reasons for delay to Item 1 are outside of Ergon Energy's control, Ergon Energy considers it reasonable to continue to progress these works, in accordance with the recommendation contained in the Final Report.

Withdrawal of remaining works

Although the ENCAP Review, which resulted in new security standards did not trigger a change to the recommended option, further changes to the security standards that were recommended by the Inter-Departmental Committee and Independent Review Panel, and accepted by the Government, necessitated that Ergon Energy adopt a probabilistic approach to planning.

As a consequence of these changes to security standards, Ergon Energy considers that the proposed works for Items 2-6 are no longer required to address an identified need in the timeframe referred to in the original consultation.

Therefore, Ergon Energy has decided to withdraw these recommendations on the basis that it would not be prudent and efficient to proceed with the works.

If at some stage in the future, an identified need arises that would necessitate the delivery of an option to address that need, Ergon Energy will undertake a RIT-D assessment, if required.

Information relating to the consultation about this project is provided on our web site:

<https://www.ergon.com.au/community--and--our-network/network-infrastructure/regulatory-test-consultations>

For further information, please contact: regulatory.tests@ergon.com.au