

16 September 2020

Mr Derek Madden  
Chief Executive Officer  
Moorabool Shire Council  
PO Box 18 Ballan VIC 3342

Level 2  
20 Bond Street  
Sydney NSW 2000  
T 02 9239 9199  
F 02 9233 1965

Via email: [info@moorabool.vic.gov.au](mailto:info@moorabool.vic.gov.au)

Dear Mr Madden

### **Western Victoria Transmission Network**

Thank you for your 13 August 2020 letter concerning the Western Victoria Transmission Network Project (WVTNP). In addition to joining the meeting with Councils in July, I appreciate you writing to share Council's and your community's perspectives.

Regarding your request for information about the consideration of undergrounding, I note we have agreed to hold a separate discussion on these issues, and I'm looking forward to that.

I would like to also provide context as to AEMO's role. AEMO is responsible for planning and directing augmentations to the shared transmission network to ensure it continues to meet power system security needs and deliver safe, reliable electricity to consumers at the least cost. Such projects are identified through the Victorian Annual Planning Report, which considers the adequacy of the Victorian transmission network to meet its reliability and security requirements, and identifies development opportunities to address emerging network limitations, and the biennial Integrated System Plan.

In relation to the Western Victoria Renewable Integration Regulatory Investment Test for Transmission (RIT-T), and in line with obligations under the National Electricity Rules, AEMO was required to determine the 'preferred option'. The RIT-T is a three-step regulatory mechanism that requires network planners to apply an economic cost-benefit test on new transmission infrastructure proposed for the National Electricity Market (NEM). It is designed to identify the most economically efficient transmission investment option that will deliver the highest net economic benefits to all those who produce, transport and consume electricity in the NEM, to meet the long-term needs of consumers.

In the early stages of the Western Victoria Renewable Integration RIT-T, AEMO undertook a high-level assessment of the relative costs of underground/overhead powerlines using market and industry information. From this, it was apparent that the cost differential applicable to the entire length of the line was so great (in the order of 10 times) that it could not be considered a 'credible option'<sup>1</sup> and could also not qualify as the 'preferred option' as the overhead credible

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<sup>1</sup> NER clause 5.15.2(a), which provides that a credible option is an option (or group of options) that:

- Addresses (or address) the identified need. That is, achieves the objective that the RIT-T proponent seeks to achieve by investing in the network;
- Is (or are) commercially and technically feasible; and can be implemented in sufficient time to meet the identified need. That is, can be implemented to meet any specific timing imperatives of the RIT-T proponent's objective.

option would undoubtedly cost less and deliver the same market benefits. Similarly, regarding your query on partial undergrounding, this could not be considered a 'credible option' because it would undoubtedly cost multiple times more than the technically feasible aboveground option, while only delivering the same market, or an incremental increase in, benefits and thus could also not qualify as the 'preferred option' within the requirements of the RIT-T.

I appreciate the importance of understanding the costs of the various options, particularly in relation to informing your constituents of the price comparison and appreciate the Council's request for additional information and evidence about the cost differential. As part of their ongoing and detailed analysis, AusNet Services is compiling information on underground and above-ground powerline costs and this information will be made available to you shortly.

AEMO and Ausnet are aware of the importance for the assessment of options, routes and powerline type must extend to the consideration of environmental, indigenous and cultural, agricultural, aesthetic and community matters, Council and others have raised in relation to the WVTNP. Careful consideration of information and concerns raised by all stakeholders is critical to the development of an appropriately and sensitively designed, located and constructed Project. As the project proponent, AusNet Services will work with local communities and undertake detailed investigations to avoid and minimise the impacts as much as possible, before any routes or locations are approved.

A sensitively designed, located and constructed overhead transmission line are likely to have less environmental and land use impacts than alternative undergrounding options, which will cause significant disruption. It will also be more economically sustainable for Victorian electricity consumers. Ongoing discussions with Council, landholders, Indigenous groups and community members will be an important aspect of ensuring that this occurs.<sup>45\*185</sup>

AEMO and Ausnet look forward to discussing this matter in more detail with you at our upcoming meeting.

Yours sincerely



Tony Chappel  
**Chief External Affairs Officer**