

Committee Secretary,
Senate Standing Committee on Environment and Communications,
PO Box 6100,
Parliament House,
Canberra, ACT, 2600.

13/12/2014

To the Committee,

Re: Inquiry into the Performance and Management of Electricity Network Companies.

In July 2010 Ergon Energy made a 'Final Decision' to build a 110kV powerline between Warwick and Stanthorpe in Queensland.

This was without the knowledge of the general public or, according to them, the Southern Downs Regional Council.

In October 2011, Ergon Energy informed the public of their intention to build this 110kV powerline.

As powerlines through properties significantly reduce property values and there are health worries about living close to high voltage powerlines, there was much public concern.

There are already two powerlines from Warwick to Stanthorpe so there was doubt that another powerline was needed.

The Electricity Act (1994) section 34 requires the transmission entity to operate, maintain (including repair and replace if necessary) and protect its transmission grid to ensure adequate, economic, reliable and safe transmission of electricity.

It was thought that if Ergon Energy fulfilled their responsibilities under this Act, no extra high voltage powerline would be necessary.

After three years of meeting with Ministers, appealing to Regulators, serving on committees and dealing with Ergon Energy, the result is that Ergon Energy is at last complying with the requirements of the Electricity Act.

Ergon Energy no longer intends to build this unnecessary powerline.

Many people spent a great deal of time and effort in a battle that would not have existed if Ergon Energy had obeyed the law of the land.

Ergon Energy's intention was to improve their infrastructure at the expense of the taxpayer, with a profit to themselves and an excuse to increase tariffs.

The Queensland Government owns Ergon Energy and by encouraging or, at the least, allowing them to operate in this manner, are imposing a hidden tax on electricity consumers.

When tariffs were lowered due to the carbon tax being abolished, Ergon Energy doubled their service fee. Who allows that? The Australian Energy Regulator?

I have written a summary of events that may give insight into Ergon Energy's modus operandi that I hope will be read by the Committee.

I have not gone into full detail but can provide documentation to verify this information.

Yours faithfully,

AC Maw

12 March 2010. – Ergon Energy requests information from Rules Participants and Interested Parties as is required under the National Electricity Rules for any rectification options exceeding \$10 million.

This is a Regulatory Test required by the Australian Energy Regulator (AER).

When describing Stanthorpe's existing power supply system, Ergon Energy falsely denigrated this system.

Ergon Energy stated that the existing 110kV feeder had no overhead earth wire and that "the performance of this feeder is generally poor resulting in poor reliability of supply to Stanthorpe".

This was false and misleading as was shown when the outage report (provided and verified as correct by Ergon Energy) showed that more than 70% of the outages attributed to this feeder were due to failures in other feeders between Warwick and Toowoomba or substation failures.

Another statement began "Nothing can be done with existing Warwick to Stanthorpe 33kV line". At the present time Ergon Energy are contradicting themselves by working on this 33kV line.

10 May 2010. –The Interim Report of this Regulatory Test stated that there two Feasible Solutions to Stanthorpe's Distribution of Power Limitations.

These were both powerline options with predicted capital costs of \$32.5 million and \$41 million.

No submissions had been received from the Rules Participants and Interested Parties. The Draft Recommendation of this Regulatory Test was to "proceed with Option 1 to build a new additional (2nd) Warwick to Stanthorpe 110kV line at a cost of \$32.5 million.

30 June 2010. – The Final Report of this Regulatory Test was "it is Ergon's decision to proceed with Option 1 to build a new additional (2nd) 110kV line from Warwick to Stanthorpe at a cost of \$32.5 million".

Still no submissions had been received from the Rules Participants and Interested Parties.

The Southern Downs Regional Council who have to be at least an 'Interested Party' made no submission.

The Southern Downs Regional Council denied having any knowledge of this proposed powerline before Ergon Energy's production of a brochure (The Project) in October 2011.

The Southern Downs Regional Council denied any previous knowledge and produced no documents under an RTI request.

As the need for this additional powerline was not apparent to the public, questions were asked.

Public protest meetings were held by concerned citizens which resulted in the formation of the AWARE group.

AWARE members pointed out, in writing, to the Queensland Premier, the Minister for Energy and Water Supply, the local MP and Ergon Energy that Ergon Energy's contention was that the existing power lines from Warwick to Stanthorpe were in such state of disrepair that urgent maintenance needed to be done and consequently required a backup transmission line costing \$32.5 million.

This contention could be construed as Ergon Energy being in breach of section 34 of the Electricity Act (1994) which states :

- 1) In addition, a Transmission Authority is subject to the following conditions :
 - a) The Transmission Entity must operate, maintain, (including repair and replace if necessary) and protect it's transmission grid to ensure the adequate, economic, reliable and safe transmission of electricity.

Ergon Energy failed to meet the maintenance requirement of the Act. A \$32.5 million 110kV transmission line just to backup existing lines while the necessary maintenance occurs does not fulfil the economic requirement of the Act.

As owners of Ergon Energy, the Queensland Government seemed to ignore the above information.

Ergon Energy, after the initial projected line route met with concerted opposition, decided to split this opposition by offering four different possible line routes. The Divide and Conquer policy.

AWARE and other involved members of the public continued to raise their concerns to the extent that the local MP, Lawrence Springborg, decided to form a committee of Warwick and Stanthorpe district residents ostensibly to ensure community input.

After many public information meetings organised by Ergon Energy a committee was formed that was named the Community Reference Group (CRG).

The CRG was to meet every two weeks, investigate all concerns, and then make a recommendation to Ergon Energy of what the CRG considered to be the most appropriate line route. The anticipated timeframe was expected to be three months. The Facilitator was employed by Ergon Energy and Ergon Energy representatives attended all CRG meetings.

The CRG were told by the Facilitator that the committee were first to ascertain that Stanthorpe was in need of another high voltage powerline.

Ergon Energy furnished the CRG with a document headed : Network Planning Report – Sub-transmission Planning and Investigation – Report ND 190 – Additional T58 Warwick – T60 Stanthorpe 110kV – 18th of December 2008.

This report, if taken at face value, emphatically supported the implementation of the proposed powerline.

However, when compared with other documents (Stanthorpe Outage Report and the Reliability Graph) supplied by Ergon Energy and verified by them as correct, the information supplied by Report ND 190 was shown to be false and misleading.

When the CRG took no action on this matter, I resigned as a CRG member.

The CRG membership was originally thirteen. When the CRG made the recommendation of a line route to Ergon Energy the membership was seven.

While Ergon Energy continued to influence the remaining CRG members, the AWARE group commenced communication with the Australian Energy Regulator (AER)

AWARE informed the AER that Ergon Energy had not complied with the requirements of clause 5.6.2. of the Electricity Rules.

The AER agreed with Aware that compliance issues were identified

The AER sought an undertaking from Ergon Energy to complete a second Regulatory Test that complied with Electricity Rules requirements.

On 13 November 2013 Ergon Energy published the start of the 2nd Regulatory Test – Request for Information – Emerging Distribution Network Limitations in the Stanthorpe area.

In this document Ergon Energy state that they “need an additional minimum of 4MVA capacity at 11kV to be provided to this area.

There was no request in this document for a high voltage powerline with a capacity of 80MVA at a cost of many more millions of dollars than the original \$32.5 million.

On 8 May 2014 Ergon Energy published an interim report of the 2nd Regulatory Test – Consultation and Draft Recommendation Report.

In this report Ergon Energy considered three submissions from outside the company but managed to undercut them all and come up with a Feasible Solution for a capital cost of \$740,000. This solution consisted of a new 33kV capacitor bank at Stanthorpe. AWARE then wrote to the AER pointing out that:

- 1) in the first Regulatory Test, Ergon Energy made a Final Decision to construct a \$32.5 million powerline.
- 2) in the second Regulatory Test the stated need was for only “an additional 4MVA of power” with no mention of an 80MVA capacity powerline.
- 3) With no mention of a powerline, why was Ergon Energy still disrupting people’s lives by continuing to seek a powerline easement.
- 4) it is the opinion of the AWARE group that Ergon Energy’s push for a multi million dollar 80MVA powerline to provide a 4MVA backup power supply, when the power requirements for Stanthorpe are forecast by Ergon Energy to be less than 14MVA in 10 years time, is a blatant attempt to “Goldplate” their infrastructure. The Final Report for the 2nd Regulatory Test was due on 30th June 2014.

When the report had made no appearance by the end of August, AWARE asked the AER to enquire as to the report’s whereabouts and to ask why Ergon Energy were continuing to pursue a powerline easement.

12 September 2014 The Final Report of the 2nd Regulatory Test – Proposed Installation of a New 33kV Capacitor Bank at Stanthorpe.

This proposed capacitor bank installation is not to proceed.

Instead a 33kV regulator is being installed on the existing 33kV line. (Cost \$220,000) Ergon Energy state in this document that “since publication of the Draft Recommendation, Ergon Energy has been working towards improving the reliability and condition of the existing 110kV line. As part of this operational work significant refurbishment of the 110kV line is taking place”.

The Final Report goes on to say under the heading : 6.Final Decision and

Recommendation.

Based on the conclusions based on the analysis of options provided and given improved network capability, changes to growth forecasts, and Ergon Energy’s new security criteria, it is recommended that **Ergon Energy does not proceed with any of the identified options.**

7.Addendum 1 – Additional Information.

Based on current growth forecasts for the Stanthorpe area, Ergon Energy’s new security criteria, and the reliability performance expected on the 110kV line, Ergon Energy no longer identifies a need to build a new 110kV line from Warwick to Stanthorpe. As a result of this, Ergon Energy is proposing to discontinue the line easement acquisition and instead will continue to focus on improving the capacity and reliability performance of the existing 33kV and 110kV lines supplying the Stanthorpe area.

AWARE would point out that the above result would have occurred automatically if Ergon Energy had followed the Electricity Rules and regulations instead of attempting to “Goldplate” their infrastructure to the detriment of affected landholders.

AC Maw AWARE Committee Member