

WALCHA LINK COULD BE A GAME CHANGER

The EUAA welcomes reports that Walcha Energy intend to build a private transmission line to connect more than 4,500MW of new renewable energy into the shared transmission system, most likely at the existing Liddell power station site in NSW. This announcement comes as a significant debate is occurring over a more equitable approach to cost and risk allocation associated with new energy infrastructure.

“We understand that Walcha Link will be a merchant transmission line where the proponent will bear the risks and costs (but also gain the benefits) of the investment rather than relying on a regulated return on assets paid for by consumers whether they benefit from it or not,” said Energy Users’ Association of Australia (EUAA) Chief Executive Officer, Andrew Richards.

Electricity networks in the NEM are regulated by the AER using revenue cap regulation where consumers bear the risk that the asset will not be utilised over its asset life, meaning consumers bear stranded asset risk. A merchant asset such as Walcha Link will not be regulated meaning the asset owners need to recover their costs from the generators who connect to the asset and bear stranded asset risk. These generators in turn take the risk of recovery of their generation and network costs from their actions in the wholesale energy market. Consumers do not directly pay for network and do not have any stranded asset risk. We think this will lead to more competitive and efficient outcomes for consumers.

“While more detail is required to provide a full assessment of the merits of this proposal, we welcome the intent of the Walcha Link initiative as it has the potential to be a game changer in the transition to zero emissions, and more competitive national energy market.”

“We look forward to learning more about this exciting project and hope that it leads governments, regulators and the energy industry more broadly to think differently about how we ensure a just transition of the energy system can be achieved.”

The EUAA is the peak national body representing major Australian electricity and gas users. Membership covers a broad cross-section of the Australian economy including significant retail, mining, manufacturing, healthcare, raw materials and food processing industries producing many essential items used by the Australian community every day.

Combined, EUAA members employ over 1 million Australians, pay billions in energy bills every year and are desperate to see a national energy and climate change plan that puts downward pressure on electricity and gas costs.

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