

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, building materials and food processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

The EUAA has been a member of the Murraylink Electricity Transmission Interconnector Stakeholder Engagement Group from its inception. APA has sought to engage in a productive and open way throughout this process. The fact that it is a relatively small asset with a correspondingly small impact on consumer bills makes it difficult to get engagement from consumer advocates pulled in many different directions by many other issues that have a much larger impact on their final bills. Nevertheless, APA should be recognised as having made a genuine effort to engage, even if the response was sometimes limited.

This submission focusses on the major issue for engagement that emerged in late 2021 with the news about the limited future availability Insulator Gate Bipolar Transistors (IGBTs). APA has engaged well on this issue since it became known – a stakeholder engagement session in January 2022 on the issue and the current engagement on the terms for appointing an economic consultant to help provide analysis that will support the selection of the preferred option for addressing obsolete IGBTs.

APA proposes that once all the available IGBTs are used, it will be necessary to replace the valve room at an estimated cost of \$30m. This is proposed as a contingent project, subject to the following trigger events occurring:

- completion of a required Regulatory Investment Test – Transmission
- approval of the project by the EII Board
- the stock of spare IGBTs falling to a minimum level to enable confidence that they are likely to last until the replacement is complete (currently estimated at 72).

We agree with the comments in the AER's Issues Paper around the engagement the AER expects APA to undertake on future options given the IGBT availability (p.17):

- identify the risk to be addressed
- explore the costs and benefits of a range of credible options to address that risk, and
- arrive at a solution that reflects consumer preferences identified through that engagement.

So far APA's engagement has assumed that there is a continued role for Murraylink after the end of life of the IGBTs. The EUAA would propose that to meet the AER's engagement requirements, APA will need to engage with consumers on more fundamental questions:

Will Murraylink still be able to provide its current level of electricity transfer service for consumers once Project Energy Connect is constructed?

What is the risk that Murraylink will become a stranded asset following the commissioning of Project Energy Connect?

If there is a chance of that occurring, it suggests that the efficient economic life may be simply as long as the IGBTs are available. If so then there is no economic case for the contingent project.

As we understand the situation, the PEC project is:

- a 330kV line from Robertstown in SA to Wagga Wagga in NSW with a major intermediate substation at Buronga in NSW, and
- strengthening of the existing 220 kV network between Red Cliffs in Victoria and Buronga;

Murraylink connects at Red Cliffs in Victoria and North West Bend in SA which then connects to Robertstown. This means that Murraylink relies on the transfer capability of the same intra-regional transmission lines in SA and NSW which will also be relied on by PEC to provide its transfer capabilities. In particular, we understand that when PEC is fully utilised there will not be sufficient capacity between Robertson and the major SA demand centres for MurrayLink to utilise its transfer capacity.

While Murraylink currently provides a useful controllable energy flow service between Red Cliffs and Robertstown and the Red Cliffs – Buronga – Darlington Point flow path in NSW due to the presence of large numbers of VRE generators in northwest Vic and southwest NSW, it is unclear that such a service will be required or add value for consumers once PEC is fully operational. PEC also includes energy flow control devices at Buronga for both the 330 and 220 kV network components.

This suggests that the primary trigger event for the contingent project should be something like:

“The AER being satisfied that there is still an economic case for Murraylink subsequent to the commissioning of Project Energy Connect”

If that trigger event is met then the proposed trigger events seem reasonable. Do not hesitate to be in contact should you have any questions.

Kind regards,



Andrew Richards
Chief Executive Officer