

Dear AEMO consultation team

Please find below my comments about the 2022 draft ISP, which relate mainly to HumeLink as I have been following this project closely.

Thank you for the opportunity to participate in the network planning process.

1. Staging of HumeLink

Since HumeLink is now proposed to be constructed with full double circuits, more staging options are available and these should be considered as development paths in the ISP.

Specifically, it is feasible to construct the 1C topography (direct path from Maragle to Bannaby) early with later or optional construction of the balance of the RIT-T 3C option, being the Wagga substation and associated 330 and 500kV transmission lines.

Given the RIT-T PACR modeling shows gross benefits and use of these circuits increasing in later years, it appears that this option could have increased the project NPV as estimated in the RIT-T process. Stakeholders routinely make submissions about investment timing during the RIT-T process and regrettably the opportunity for this feedback was missed due to the late change to double circuits. Identification of this option and inclusion in the RIT-T process could have informed the ISP and it seems likely that this option could have been part of a high ranked CDP in the ISP, considering the top ranked path was with HumeLink not-actionable, and the next was with HumeLink staged. Please refer to table 11, and section 6.3.4 of the Draft 2022 ISP, noting that in the ISP staging refers to early works rather than separate, early construction of 1C topography.

There is an opportunity to address this in the ISP by including staging of HumeLink. For example, stage 1 would be 1C-double circuit (refer PACR addendum), and stage 2 being the balance of 3C lines and substation constructed if and when clear benefits can be demonstrated.

Figure 1. Example of potential staging option



2. Risk of committing to full HumeLink construction on the basis of assumed future benefits

From my point of view as a consumer, the inclusion of competition benefits and the associated uncertainties and risks of over investment is not justified since the existing modeling shows that delayed or not actionable HumeLink development paths are highly ranked, giving the opportunity to delay execution whilst firming up the benefit assessment. Similarly, there is a real risk of the Snowy 2.0 and other generation projects being delayed and the costs incurred before being required. The counterpoint of potential project cost escalations given in the ISP needs to be further investigated and supported. NSW and Australia are currently experiencing an unprecedented situation which is contributing to significant escalations in construction costs, the reasons for which include:

- extremely tight construction / engineering labor and contracting market due to pandemic migration and mobility restrictions and concurrent expansion in infrastructure and energy projects
- escalation in materials costs, especially steel, which has resulted from multiple causes including shipping restrictions and steel mill closures

More work is required to understand if the reasons for the recent escalations in project costs are transitory or resulting from structural changes. It is possible that a thorough analysis would reveal that the cost of transmission projects is more likely to moderate rather than escalate in the medium term, especially if more contestability is introduced.

Regards

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